



Corporate Governance Manual 2022

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Chairman's Foreword





Chairman's Foreword

Dear Shareholders,

Greetings,

I am pleased to present the latest version of QNB Group's Corporate Governance Manual, which describes the corporate governance framework and structure adopted by the Group. This manual reflects QNB's commitment to instill sound corporate governance standards across the Group, and demonstrates how the Group applies such standards to maintain its' viability and business growth, in order to protect and enhance the trust that has been built with shareholders, regulators and other stakeholders.

QNB Group realizes that, financial markets are constantly evolving, which increases the complexity of compliance with international and regulatory requirements. In response, the Group has adopted leading international standards and best practices while preparing its corporate governance framework and manual. These include those issued by the Basel Committee on Banking Supervision (BCBS), the Organization for Economic Cooperation and Development (OECD) and the International Chamber of Commerce (ICC) in addition to the laws, legislations and governance regulations issued by local regulatory authorities, mainly those issued by Qatar Central Bank, Qatar Financial Markets Authority, Qatar Financial Centre, the Commercial Companies Law and other relevant legislations.

Moreover, the manual describes the key elements of governance such as (but not limited to) the duties and responsibilities of the Board of Directors, the Executive Management and their committees, the segregation of duties, risk management, internal control systems, rights of shareholders and other stakeholders, disclosure and transparency among other core governance elements. It also shows how QNB Group's corporate governance framework takes into account its' geographical footprint and regulates the relationship and interaction it has with shareholders, regulators and other stakeholders.

This manual aims to set a strong corporate governance culture across the Group, as aligning employee behavior with the principles and provisions contained therein consolidates the successes and accomplishments attained by the Group. Importantly, this type of culture drives sustainable growth and promotes the creation of stringent strategies that take into account the legislative frameworks governing our business, the interests of our shareholders and depositors, and the Group's societal obligations.

Taking into consideration the continuous development of governance principles and instructions including the rapid pace at which legislations are issued and updated, QNB will review this manual to update it whenever the need arises.

In conclusion, QNB Group expresses its sincere appreciation to all its partners and regulators particularly Qatar Central Bank, Qatar Financial Markets Authority and Qatar Financial Center Regulatory Authority for their support and adoption of leading corporate governance practices. In addition, the Group affirms its commitment to work continuously towards achieving the principles and provisions set herein to meet shareholder, stakeholder and societal aspirations.

Ali Bin Ahmed Al-Kuwari

Chairman of the Board of Directors

Section I: Introduction

1.1 Objective

This manual shall institutionalize the principles of good Corporate Governance across QNB Group.

The Board of Directors (BOD), Executive Management, employees and shareholders, believe that Corporate Governance is a fundamental and dynamic component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within QNB Group.

1.2 Commitment and Compliance with the Manual

The BOD, Executive Management, and all officers and staff, shall hereby commit themselves to the principles and best practices contained in this manual, and acknowledge that the same will guide the attainment of QNB Group's corporate goals.

The BOD will ensure that QNB Group complies with the principles set out in this Manual.

The BOD will also review and update its Corporate Governance practices regularly.

1.3 Ownership

The Board is ultimately responsible for the adoption and oversight of the implementation of the Corporate Governance principles and best practices.

The BOD will regularly review and update professional conduct rules setting forth the group's corporate values and the other related internal policies and procedures all of which shall be binding upon members of the BOD, management and staff.

The BOD shall review these professional conduct principles regularly to ensure they reflect best practices along with meeting the needs of QNB Group.

1.4 Corporate Governance Compliance

Due to the dynamic nature and increasing number of the mandatory regulatory requirements pertaining to the Corporate Governance, Group Compliance will ensure ownership and coordination in order to ensure compliance with the said requirements. For this purpose, Group Compliance will, according to the frequency, timing and requesting party fulfil as a minimum the agreed upon targets and actions are duly met as detailed in the appendix.

Section II: What is Corporate Governance?

2.1 Definition

Governance at QNB, is the framework, organizational structure and information used to identify sound methods based on which the BOD and the Executive Management administer all strategies and operations undertaken by QNB Group. Corporate Governance represents the role, responsibilities, powers and rights of the BOD and Executive Management as it relates to their inter-relationship within QNB Group, as well as the relationship QNB Group has with its shareholders, QCB, QFMA and concerned regulators and stakeholders.

As per Qatar Central Bank (QCB), corporate governance is a set of relationships between a bank's management, its board, its shareholders and other stakeholders which provides the structure through which the objectives of the bank are set, and the means of achieving those objectives and monitoring performance. Corporate governance decides authorities, powers, and decisions making. Qatar Financial Markets Authority (QFMA) defines governance as a system by which a company is directed and controlled, in its 'Governance Code for Companies & Legal Entities Listed on the Main Market'. Governance specifies the foundations and principles of the distribution of rights and responsibilities among the different participations in a company, such as the Board of Directors, managers, shareholders and other Stakeholders.

The Organization for Economic Cooperation and Development (OECD) defines Corporate Governance as "the system by which business corporations are directed and controlled. The Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the BOD, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs."

The OECD principles and the other codes broadly deal with six elements of Corporate Governance:

1. Ensuring the basis for an effective corporate governance framework.
2. The rights and equitable treatment of shareholders and key ownership functions.
3. Institutional investors, stock markets, and other intermediaries.
4. The role of stakeholders.
5. Disclosure and transparency.
6. The responsibilities of the Board of Directors.

QNB Group's principles of Corporate Governance are in harmony with local regulatory requirements on corporate governance and with G20 / OECD Principles of Corporate Governance which highlights that good corporate governance helps to build an environment of trust, transparency and accountability, which is necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and societies that are more inclusive.

The emphasis through the principles of corporate governance is to improve the legal, regulatory, and institutional framework for corporate governance, with a view to support economic efficiency, sustainable growth and financial stability by providing shareholders, board members and executives as well as financial intermediaries and service providers with the right incentives to perform their roles within a framework of checks and balances.

2.2 The Benefits of Corporate Governance

Good and proper Corporate Governance is considered imperative for the establishment of a competitive market.

There is empirical evidence to suggest that countries that have implemented good corporate governance measures have generally experienced robust growth of corporate sectors along with a higher ability to attract capital than those, which have not.

The International Chamber of Commerce in its guide to Corporate Governance states:

As per the OECD, "sound corporate governance practices have become critical to worldwide efforts to stabilize and strengthen good capital markets and protect investors."

They help companies to improve their performance and attract investments. Corporate governance enables corporations to realize their corporate objectives, protect shareholders' rights, and meet requirements and to demonstrate to the wider public how they are conducting their business. Research shows that investors from all over the world indicate that they will pay a larger premium for companies with effective Corporate Governance.

Independent studies indicate that good Corporate Governance tends to ensure corporate success and overall economic growth while maintaining investor confidence and a positive impact on the share price. Moreover, the importance of corporate governance has been recognized by the financial sector most recently, corporate governance practices are also being looked at by rating agencies, and they have an impact on the cost of capital.

2.3 QNB Group Needs for Corporate Governance

Corporate Governance serves two indispensable purposes. It enhances the performance of QNB Group by establishing and maintaining a corporate culture that motivates directors, managers and entrepreneurs to maximize the Group's operational efficiency, thereby ensuring returns on investment and long-term productivity growth. Moreover, it ensures the conformance of the Group to laws, rules and practices, which provide mechanisms to monitor the behaviour of directors and managers through corporate accountability that in turn safeguards the investors' interest. It is therefore fundamental that Executive Managers exercise their discretion with due diligence and in the best interest of QNB Group and the shareholders.

Good and proper Corporate Governance is considered imperative by QNB. It helps establish good relations with stakeholders and shareholders, ensures clear responsibilities and effective cooperation between the Board and Executive Management and facilitates performance related compensation measures for the Board, Executive Management and subsequently for all employees across the Group. It also serves to ensure that QNB Group adopts robust disclosure and transparency practices.

Effective Corporate Governance allows for the mobilization of capital annexed with the promotion of efficient use of resources within both the Group and the larger economy.

It assists in attracting lower cost investment capital by improving domestic as well as international investor confidence that the capital will be invested in the most efficient manner. Good corporate governance ensures the accountability of the Executive Management and the Board in use of such capital. The BOD will also ensure legal compliance and their decisions will not be based on political or public relation considerations.

Furthermore, a good Governance system is required for QNB Group as its success is a combined effort comprising the contributions from a range of resource providers including employees and creditors. It is for this reason that the role of the various stakeholders cannot go ignored and their rights and the banks' obligations must be determined, through the exercise of good corporate governance.

2.4 Corporate Governance Framework

QNB Group will have a Corporate Governance framework aiming to meet the highest standards and best practices and in line with applicable relevant laws and regulations particularly Commercial Companies Law no. (11) for the year 2015 and subsequent amendments, QCB Corporate Governance Guidelines and QFMA Corporate Governance Code.

The Corporate Governance framework shall be adopted by QNB Subsidiaries inside or outside the State of Qatar up to the extent that it is not contradicting with the applicable legal and / or regulatory requirements on the Subsidiary. A detailed Consolidated Governance and Supervision approach must be maintained to specify governance measures at the level of Subsidiaries, Affiliates as well as Overseas Branches.

The Framework of the Corporate Governance will include as minimum the following components:

- QNB Articles of Association;
- Board Charter;
- Board Policy;
- Board Secretariat;
- Code of Ethics and Professional Conduct;
- Group Board Committees;
- BOD Membership and Remuneration Arrangements;
- Segregation of the Board and Executive Management Duties;
- Group Executive Management Committees;
- Independent Control Functions;
- Internal Control Charter;
- Corporate Governance Guidelines for Overseas Branches;
- Corporate Governance Guidelines for QNB Subsidiaries and Affiliates;
- Disclosure & Transparency Policy;
- Dealing with Related Parties;
- Conflict of Interest & Insider Dealing Policy;
- Anti-Bribery and Corruption Policy (ABC);
- Stakeholder Rights Policy;
- Whistleblowing Policy;
- Nomination of QNB BOD Members at QNB Subsidiaries;
- Corporate Governance Manual;
- Compliance Monitoring Programs;
- Corporate Governance, Annual and Sustainability Reports.
- Group Internal Controls Over Financial Reporting Framework

Section III: Board of Directors

3.1 Board Policy

The BOD will make sure that QNB Group adopts and maintains a comprehensive policy detailing the Board's functions and responsibilities as well as the duties of members of the Board, which shall be fulfilled, by all members. The said Board policy will be prepared to comply with the provisions of the regulations, and may be amended from time to time.

Moreover, the Board shall develop and implement a Code of Ethics and Conduct for its members detailing their roles, responsibilities and principles of honest behaviour.

3.2 Board's Mission and Main Responsibilities

QNB Group is managed by an effective BOD, which will be individually and collectively responsible for its proper management. In addition to the Board functions and responsibilities as set out in the Board terms of reference, the Board will be responsible for:

- Approving QNB Group's strategic objectives, policies, plans, appointing and replacing Executive Management, setting forth management compensation, reviewing management performance and ensuring succession planning concerning the management of QNB Group.
- Ensuring QNB Group's compliance with related laws and regulations as well as QNB Group Articles of Association and By-Laws.
- Assume the overall responsibility for the business strategy, operations, quality and integrity of accounting, auditing, Compliance, internal control and financial soundness of the Group. It must have adequate collective knowledge of all types of activities and functions of QNB Group.
- Ensure the application of corporate governance according to QNB Group business activities, market position and other relevant economic factors.
- Provide a regulatory framework within the Group, in particular rules concerning the organizational structure and the conduct of business, including allocating the competencies to different bodies within the Group.
- Review periodically the arrangements with the external auditors in order to ensure their sustainability pursuant to the size and nature of the Group's and operations.
- Ensure the integrity and appropriateness of the financial and accounting policies, inclusive of those relating to preparation of financial reports.
- Financial reporting to the shareholders with respect to the business of QNB Group.
- Ensure an appropriate process of disclosure and communication to the public and the investment community at large concerning its strategy, financial results and major developments.

- Ensure the reporting required by QCB and to required regulatory authorities as stated in respective regulations.
- Provide an effective internal control system, which enables risks to be assessed and managed, and ensure the establishment of a sound and robust risk management framework.
- Provide a system by which information on unlawful or unethical behaviour can be reported to the Board.
- Provide clear, efficient and effective rules, dealing with conflict of interest.
- Submit the budget, required financial statements and recommended profit distribution to Qatar Central Bank for its approval before submitting them to the general assembly.
- Ensure that Executive Management provides sufficient and timely information about QNB Group's operations to all Board Members in order to enable them to carry out their duties correctly and efficiently.
- The Board role will also include conducting an annual self-assessment of the Board's performance.

The Board may delegate some of its functions and constitute special committees, for the purpose of undertaking specific operations on its behalf. In this case, written and clear instructions shall be given concerning the delegated function or authority with the requirements to obtain the Board's prior approval on specific matters. In any event, and even where the Board delegates one of its functions or authorities, the Board remains liable for all of its functions or authorities so delegated.

3.3 Board Members' Fiduciary Duties

Each Board Member owes QNB Group's fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations along with the Board policy, terms of reference and Code of Ethics and Conduct.

QNB Group's Board Members must, at all time, act on an informed basis, in good faith, with due diligence, care and in the best interests of QNB Group and all shareholders.

Fulfilling their responsibilities towards QNB Group, BOD members shall act effectively to:

- Conduct fair business transactions with QNB Group and ensure that personal interests do not bias Board decisions.
- Devote time and attention necessary to properly discharge duties and responsibilities.
- Act judiciously.
- Exercise independent judgment.

- Have a working knowledge of the statutory and regulatory requirements affecting the Group, including the contents of its Articles of Association and By-Laws, the requirements of QCB, Qatar Exchange and Qatar Financial Markets Authority (QFMA), and where applicable, the requirements of other regulatory bodies.
- Observe confidentiality.
- Ensure the continuing soundness, effectiveness, and adequacy of QNB Group's control environment.

3.4 Code of Ethics and Conduct

As trust is a central feature for QNB Group, demonstrable standards of practice and tools to enforce them are key points considered by the Board in order to establish standards of behaviour that involve commitment to personal morality rather than just complying with rules and guidelines. Therefore; the Board will ensure that QNB Group maintain code of ethics and professional conduct that meets the highest standards and leading international practices with consideration to those enforced by the relevant regulations or recommended by international institutions such as Basel Institute on Governance, OECD or the Institute of Business Ethics (IBE).

The code of ethics and professional conduct adopted by the Group shall focus on thinking and doing the right things in an open, honest, transparent and fair manner and ensure objectivity and integrity in all types of dealings with others. In order to fulfil the regulatory requirements, the Board will regularly review the code of ethics and professional conduct and update them as appropriate to ensure meeting these standards.

In this regards, the Group's Code of Ethics and Conduct should include, among other matters, the following:

- QNB Group values
- Social responsibility
- Adherence to laws, regulations, policies and procedures
- Avoidance of conflict of interest and inducements
- Personal dealings, conduct, appearance and relationship with emphasis on integrity
- Professionalism and fair treatment
- Safety and security

3.5 Authority of the Board of Directors

- The Board of Directors will have the widest authority to manage QNB and its subsidiaries (QNB Group) excluding the authority, which has been expressly reserved in the Articles of Association for the General Assembly.
- The Board of Directors will have the right to appoint the Group's Chief Executive Officer (GCEO), Executive Managers and to vest on them the right to sign jointly or severally on behalf of the Group. Such rights will manifest themselves through the delegation of authorities or policies approved by the Board. Executive managers will directly report to the GCEO.
- The Board of Directors will provide executive management (GCEO and the Chiefs) with definite strategies, policies and plans by which the objectives of the Group could be achieved. The Board of Directors will re-evaluate and develop such strategies, plans and policies on a periodic basis and it will utilize the studies, reports and information prepared by the executive management for this purpose.
- The Chairman and the Vice-Chairman of the Board of Directors and the Group Chief Executive Officer (GCEO) will have, severally or jointly, the right to sign on behalf of the Group in accordance with the resolution passed by the Board of Directors for this purpose.
- The Authority of the Board of Directors expires after three years of their appointment / election or on any circumstance that the relevant laws and regulations specify.
- The Vice Chairman will act as the deputy of the Chairman and backup and the Chairman with respect to his responsibilities.
- Group Compliance and Group Internal Audit are independent functions at QNB Group. The Group Chief Compliance Officer and the Group Chief Audit Executive have a dotted reporting line to the GCEO and report directly to Board of Directors (through the Group Board Audit and Compliance Committee (GBACC)).

3.6 Separation of Positions of the Chairman and CEO

In order to avoid having unfettered power with one person, QNB Group shall maintain the highest standards of Corporate Governance in line with international leading practice and the regulatory requirements to segregate the role and responsibility of the Chairman of the Board and the Group CEO.

Moreover, the roles and responsibilities of Executive Management will not mix with the roles and responsibilities of the Board. The division of responsibilities between the two positions shall be clear. Moreover, in all circumstances, no one person in QNB Group should have unconstrained powers to take decisions.

3.7 Duties of the Chairman of the Board

- The Chairman is responsible for ensuring the proper functioning of the Board in an appropriate and effective manner, including timely receipt by the Members of the Board of complete and accurate information.
- The Chairman may not be a member of any of the Board's committees.
- The duties and responsibilities of the Chairman of the BOD shall, in addition to the provisions of the Board policy, include but are not limited to the following:
 - To ensure that the Board discusses all the main issues in an efficient and timely manner.
 - To approve the agenda of every meeting of the BOD taking into consideration any matter proposed by any other Members; this may be delegated by the Chairman to a Board Member but the Chairman remains responsible for the proper discharge of this duty by the said Board Member.
 - To encourage all Board Members to fully and effectively participate in dealing with the affairs of the BOD for ensuring that it is working in the best interest of QNB Group.
 - To ensure effective communication with shareholders and communicating their opinions to the BOD.
 - To allow effective participation of the Non-Executive Board Members in particular, and to promote constructive relations between Executive and Non-Executive Board Members.
 - To ensure the conducting of an annual evaluation of the Board's performance.
 - Keeping the members constantly informed about the implementation of the provisions of corporate governance, and may authorize the Group Board Audit and Compliance Committee (GBACC) in this mission.

3.8 Board's Composition

The BOD will be constituted as per QNB's Group Articles of Association and other pertinent regulatory directives.

The Board may include Executive, Non-Executive and Independent Board Members to ensure that one individual or a small group of individuals do not dominate the Board decisions.

At least one third of the Board Members must be Independent Board Members and a majority of the Board Members shall be Non-Executive Board Members.

Board Members shall have adequate expertise and knowledge to effectively perform their functions in the best interest of QNB Group and they shall give sufficient time and attention to their role as Board Members.

3.9 Board Members' Appointment

Nominations and appointments of Board Members will be made according to formal, rigorous and transparent procedures and in line with QNB Group's Articles of Association, QCB & QFMA requirements as applicable.

Board Members shall be elected among the shareholders based on the applicable rules and regulations. The Board will identify and adopt appropriate and objective criteria for the Board candidature taking into consideration QCB and QFMA requirements related to the same subject.

Nominations shall take into account the candidates' sufficient availability to perform their duties as Board Members, in addition to their skills, knowledge and experience as well as professional, technical, academic qualifications and should be based on the "Fit and Proper" Guidelines for Nomination of Board Members.

QCB pre-approval is required for all BOD candidates. A questionnaire must be filled in, and signed by the Chairman and provided to QCB at least two weeks before the Annual General Assembly Meeting. QCB has the right to reject appointment or nomination of any person to the membership of the BOD of QNB or refuse continuation of service of a BOD member.

3.10 Board Committees

As per Corporate Governance practices and regulatory requirements, the BOD of QNB Group will establish committees to carry out their supervisory responsibilities.

Each Board Committee will be assigned to handle one or more of the tasks of the Board. The responsibilities of the Board Committees are duly documented through terms of reference, which will be approved by the BOD.

Each Board Committee will have Terms of Reference (TOR) in line with the Charter of the Board of Directors.

QNB Group BOD committees are the following:

3.10.1 Group Board Executive Committee (GBEC)

GBEC main responsibilities should be the following:

- Review and endorse for the Board approval the long-term strategy of QNB Group based on economic and market conditions and Board of Directors' directives.
- Review and endorse for the Board approval annual business plans and budgets across QNB Group in line with the long-term strategy and changes in economical, market, and regulatory environments.
- Review and approve budgetary reallocations against budget-approved items as per the quarterly management reports.
- Monitor QNB Group quarterly performance against strategy, business plan and budgets.

- Review and approve QNB brand vision and defined values with all associated brands across the Group.
- Review and approve QNB corporate social responsibility strategy in light of QNB brand values across the Group.
- Review and consolidate marketing and communication plans and resource distribution plans to efficiently and effectively align it to support QNB business development and growth.
- Facilitate the effective supervision and overall control of the Group's business by reviewing overall customer credit and investment exposures.
- Review and consolidate business developments, products alignment, and resources distribution across QNB Group.
- Authorize those individual transactions and sectorial limits that fall within the authority delegated to the Group Board Executive Committee by the Board of Directors.
- Review credit proposals above the GBEC limit and make recommendations to the Board of Directors.
- Review and recommend the action to be taken on impaired loans in line with the delegated limits and authorities as approved by the Board of Directors and in line with Qatar Central Bank regulations.

3.10.2 Group Board Nomination, Remuneration, Governance & Policies Committee (GBNRGPC)

GBNRGPC main responsibilities should be the following:

- Identify eligible and qualified candidates for Board and Senior Executive Management positions according to the fit-and-proper criteria set by the Committee in addition to the Independency/Non-Executive requirements.
- Assess all candidates as per QCB, QFMA, Commercial Companies law and any other legal or regulatory requirements including these covered in QNB internal policies.
- Ensure that all new Directors receive proper induction program upon joining the Board by issuing a formal appointment letter and providing all Directors with induction Handbook containing all important information and documents that are relevant to the Director.
- Monitor the induction, training and continuous professional development of directors pertaining to Corporate Governance matters.
- Assess and review annually the independency / Non-Executive criteria of each Board member.
- Ensure the remuneration framework in place is in line with the remuneration policy and the Board's guidelines. Taking into consideration, the balance between achieved and realized profits and risk associated with business activities.

- Approve and review the Group’s remuneration and incentives guidelines and ensure that the remunerations of the Board of Directors and Executive Management are in line with the criteria and limits set forth by QCB and Commercial Companies law.
- Arrange the annual evaluation of performance of the Board, its Committees and individual Directors consistent with BOD Policy and provide related information at the Annual General Assembly Meeting.
- Propose training plans on Corporate Governance and Conflicts of Interests matters.
- Direct and oversee the preparation and update of the Corporate Governance Manual in collaboration with the Executive Management and Group Board Audit and Compliance Committee.
- Prepare required recommendations and proposals to the Board of Directors for approval pertaining to the scope of work of related management committees dealing with the GBGRNPC as well as other recommendations raised by Executive Management through appropriate channels.
- Oversee the overall Human Capital Policies and ensure the BOD and Senior / Executive Management succession planning.
- When required, inform the BOD of key sustainability-related risks and opportunities.
- Oversee the monitoring processes performed by GMRC and control framework for risk management and the defined related roles and responsibilities across the Group.
- Evaluate the monitoring process made by GMRC on Group entities in the identification of Operational, Credit, Market, Strategic, Legal and Reputation risks, and action plans implemented to monitor and manage these risks.
- Evaluate and approve Contingency Funding Planning (CFP) document and ensure if any material conditions realize that will invoke the CFP.
- Ensure that there are no material impact / risk identified by GMRC related to anti money laundering and terrorist financing as well as the ‘know your customer’ requirements.
- Review any breaches of risk limits or internal control failures (if any) and review investigation results performed by GMRC.

3.10.4 Group Board Audit and Compliance Committee (GBACC)

The committee shall carry out the following responsibilities pertaining to Financial Statements:

- Review significant accounting and reporting issues, including complex or unusual transactions, in the light of regulatory directives and professional pronouncements and correlate their impact on the financial statements of the Group.
- Review judgments by executive management in relation to responsibilities pertaining to financial statements.
- Review and endorse the annual financial statements, and consider whether they are complete, consistent and reflect appropriate accounting standards and principles before submission to the BOD for final approval.
- Review the Group’s financial statement, notes thereto, related regulatory filings, and consider the accuracy and completeness of the information before release.
- Review with management and the external auditors all matters required to be communicated or disclosed under generally accepted auditing standards, or regulatory requirements.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review with relevant parties any tax related matters and adequate disclosures that could significantly impact the Group financial statements.
- Review interim financial reports with management and the external auditors and consider whether they are complete and consistent before filing with regulators.

3.10.3 Group Board Risk Committee (GBRC)

GBRC main responsibilities should be the following:

- Review and endorse for the Board approval the risk management strategy of the Group as well as Group Risk Appetite and Portfolio Strategies recommended by Group Management Risk Committee (GMRC) and review any changes in risk strategy / risk appetite arising.
- Review and compare the Group portfolio risk profile with the approved Group Risk Appetite and endorse GMRC recommended portfolio strategies for approval by Board.
- Approve risk frameworks, and Group Risk Policies and control structures in accordance with the approved strategy by the Board and oversee implementation of policies pertaining to the bank’s internal control system.
- Ensure the effectiveness of the risk control framework and oversee the evaluation outcomes of the GMRC.
- Approve and oversee stress testing scenarios and results, as well as management action plans.
- Approve the Group’s capital management framework and any further enhancement proposed by GMRC.

- Review any legal matters that could significantly affect the financial statements of the Group.

The committee will carry out the following responsibilities pertaining to Internal Control:

- Understand the scope of internal and external auditors' review of internal control over financial reports and obtain reports on significant findings and recommendations, together with management's response.
- Obtain explanation from management and internal and external auditors on whether the Group's financial and operating controls are functioning adequately and effectively.
- In coordination with Group Board Risk Committee, consider the effectiveness of the group's management of risks and internal controls over annual and interim financial reporting, regulatory and other reporting, including information technology security and controls (including that at overseas branches and subsidiaries).
- Review and consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.
- Ensure allocation of resources towards the availability of the necessary technical systems and backups to ensure the continuity of the bank operations.
- Consider with Group Compliance, Group Internal Audit and external auditors any fraud, illegal acts or deficiencies in internal control or other similar areas.

The committee will carry out the following responsibilities pertaining to Internal Audit:

- Appoint / remove the Group Chief Internal Audit Executive.
- Review and approve the charter, plans, activities, staffing and organizational structure of Group Internal Audit Division.
- Ensure the independency of the Audit function and that there are no unjustified restrictions or limitations on the functioning of Group Internal Audit, as well as on internal audit's access to the Group's records, documents, personnel as and when required in performance of their functions.
- Review the effectiveness of the internal audit function to ensure consistency with The Institute of Internal Auditors' (IIA) Standards for the Professional Practice of Internal Auditing and other applicable standards and best practices.
- Review and approve the Group Chief Audit Executive performance assessment and remuneration in line with the Group related policies and practices.

- On a regular basis, review the results of the Internal Audit and meet separately with the Group Chief Audit Executive to discuss any matters that the committee or internal audit believes should be discussed privately and follow up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence and report the results of the committee review to the BOD on regular basis.

- Ensure that management responds to recommendations by the internal auditors and that all information, records, etc. sought for and required by internal auditors in the performance of their formal duties is / are made available to them by management in an unhindered manner.

The committee will carry out the following responsibilities pertaining to Compliance:

- Appoint / remove the Group Chief Compliance Officer.
- Review and approve the charter, plans, activities, staffing and organizational structure of Group Compliance Division.
- Review and approve the Group Chief Compliance Officer performance assessment and remuneration in line with the Group related policies and practices.
- Ensure the efficiency of the compliance function in detecting the deviations and breaches within the Group, and ensure the non-existence of any factors that would affect its independence and objectivity as well as proper reporting of the compliance function with appropriate consideration to Basel Committee requirements and FATF (Financial Action Task Force on Money Laundering) recommendations.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigation and follow-up (including disciplinary action) of any instances of non-compliance within the Group.
- Review the findings of any inspection by QCB and any other regulatory body, follow up on the corrective action for any identified issues, and ensure proper implementation of measures to prevent recurrence.
- Review the communication and enforcement of the code of conduct to Group personnel and monitoring compliance therewith.
- Ensure there is an effective framework in place across the Group for managing and monitoring financial crime compliance related risks, in line with regulatory requirements and international leading practices.
- Ensure there is an effective mechanism to control, monitor and report on the anti-money laundering and combating terrorism financing as well as international sanctions programs and related issues.

- Review of the Whistle-Blowing reported cases and the related register and determine the outcome of the investigation and appropriate actions to be taken in relation to the case.
- Review and approve the annual Corporate Governance report, prepared by Group Compliance, in accordance with regulatory requirements.
- Ensure there is an effective data protection framework in place.
- On a regular basis, review the results of the compliance reviews and meet separately with the Group Chief Compliance Officer to discuss any matters that the committee or Group Compliance believes they should be discussed privately and follow up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence.
- Ensure an effective framework is in place for detecting and investigating fraud activities with a proper reporting and feedback mechanism.
- Review the Group level of compliance and controls to comply with tax compliance risks related to automatic exchange of information.
- Ensure oversight on appropriateness and effectiveness of the 'Internal Controls over Financial Reporting' (ICOFR) framework implemented in the Bank, in the pursuit of its objectives.

The committee will carry out the following responsibilities pertaining to External Audit

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with Internal Audit to ensure that the proposed scope and approach take in consideration the size of the bank and in line with the regulatory requirements and best International Standards on Auditing and preparing the financial reports in accordance with International Financial Reporting Standards (IFRS / IAS) and (ISA).
- Verify that the External Auditor's report includes an explicit mention if it had obtained all the necessary information and the Company's compliance with international standards (IFRS / IAS), or whether the audit was conducted based on International Standards on Auditing (ISA) or not.
- Ensure timeliness of responses by the Board to the queries and matters contained in the external auditor's letters and reports.
- Review the performance of the external auditors.
- Make recommendations to the Board of Directors regarding the appointment / reappointment / removal of the external auditors and their fees.
- On a regular basis, review the results of the external auditors and meet separately with them to discuss any matters that the committee or external auditors believe they should be discussed privately,

including management responses to their reports and follow up on the corrective action to any identified issues and ensure proper implementation of measures to prevent recurrence.

- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Group, including non-audit services.

The committee will carry out the following responsibilities pertaining to Reporting Responsibilities:

- Regularly report to the Board of Directors about the committee activities and result of the committee review of issues identified by regulators, external auditors, Internal Audit & Compliance and related recommendations.
- Subject to applicable regulatory requirements, report annually to the shareholders, describing the committee's composition, role and responsibilities and how they were discharged, and any other information required by regulations.
- Review any other reports the Group issues that relates to Group Board Audit & Compliance Committee's area of responsibility.

In addition, the GBACC will carry out Other Responsibilities including:

- Perform other activities related to the approved Group Internal Audit and Group Compliance Charter as requested by the Board of Directors;
- Review QNB's dealings with the Related Parties and Insider Trading cases reported to the Committee to ensure that such dealings are subject to (and comply with) the relevant rules and controls;
- Oversee special investigations in all relevant matters as needed or when required by the Board of Directors;
- Review and assess the adequacy of the committee Terms of Reference and Internal Audit and Compliance charters as well as the financial and accounting policies and procedures on an annual basis, and request Board approval for changes, if any. The amended versions to be made public in line with regulatory requirements (as and if applicable);
- Seek independent external counsel to advise and help the committee in conducting any of its responsibilities;
- Evaluate the critical issues highlighted in the quarterly summary reports, submitted by Group Chief Compliance Officer & Group Chief Audit Executive, including those critical issues related to QNB Group subsidiaries'. GBACC will raise major issues to the Board;
- Attendance in the General Assembly of the Bank;
- The Board's decision on GBACC's recommendation / actions would prevail;

- Review with Group Compliance and external auditors any fines imposed by the regulators and / or other bodies;
- Review the non-performing loans (NPLs) portfolio.

3.11 Non-Executive Board Members

A Non-Executive Board Member is one who is not in charge of Executive Management duties in QNB Group and is not dedicated to it on a full-time basis and who does not receive monthly or yearly remuneration from QNB Group other than the remuneration he receives as a Board Member.

Duties of the Non-Executive Board Members include, but are not limited to the following:

- Participation in the meetings of the BOD and providing an independent opinion on strategic matters, policy, performance, accountability, resources, key appointments and operational standards.
- Ensuring that priority shall be given to QNB Group and shareholders' best interests in case of conflict of interests.
- Monitoring QNB Group's performance in realizing its agreed objectives and goals and reviewing its performance reports including the Group's annual, biannual and quarterly financial reports.
- Development of the procedural rules for the Group's corporate governance for ensuring their implementation in a consistent manner.
- Availing the BOD and its different committees of their skills, experiences, diversified specialities and qualifications through regular presence in Board meetings and effective participation in the General Assemblies, both Ordinary and Extra-Ordinary while at the same time having a balanced understanding of shareholders' opinions.

3.12 Independent Board Member

An independent Board Member is a member of the BOD who is independent of management and free from any business or other relationship that could materially affect their independent judgment and has an actual or potential conflict of interest.

As per QCB definition, an Independent BOD member should meet the following conditions:

- Is not one of the bank's shareholders, or has shares whether owned by him or any of his first kinship relatives directly or indirectly (companies owned or controlling shares) through Group or individuals that are not above (0.25%) of the Bank's shares.
- Is not a member of a group of individuals or entity collectively controlling the bank's business.
- Is not previously or currently engaged in any career at the Bank or at any subsidiary of its Group during the last three years.

- No salary or any other compensation is received from the bank other than the Board's remuneration and / or shareholder's dividends or any income from his deposits or investments in the bank's regular activities. Does not enter into any contractual or commercial business or any direct or indirect interest that may contradict the bank's independent policy whether in his name or any of his first kinship relatives.
- Does not work or own shares in any consulting agency or professional institution that provides any service to the bank in his name or any of his first kinship relatives.
- Is not a relative to any other Board member or senior management up to first kinship.
- Does not work for any external auditor appointed by the bank and is not involved directly or indirectly in any business with this auditor or any affiliates thereof.
- In addition to the above-mentioned conditions for independence an independent member should have balance of skills, diversity and expertise in banking and financial fields.

While assessing the independency of the BOD members, QNB will also consider QCB's and QFMA's requirements together with the provisions of QNB's Board Policy.

3.13 Board Performance Assessment

The BOD believes the evaluation will lead to a closer working relationship among BOD members, greater efficiency in the use of the BOD's time, and increased effectiveness of the BOD as a governing body.

To ensure that the BOD and its individual Members are carrying out their roles / responsibilities effectively, the BOD will undertake the process of an annual assessment. The assessment will allow the BOD to demonstrate that it is accountable for its decisions and the overall operations of QNB Group: Full-Board Assessment.

All BOD members will also be asked to complete a self-evaluation and indicate to what extent they are comfortable with their individual performance as members of the BOD: Self-Board Members Assessment.

Group Board Nomination Remuneration Governance and Policies Committee (GBGRNPC) will initiate the assessment exercise of the BOD committees and the BOD members on an annual basis.

Full Board evaluation should be complied, shared and discussed by the whole Board to determine an average Group answers to each question and an overall rating.

Individual Board Members performance: Board members alone should answer Self-Evaluation without being shared with the other BOD members.

The results of the assessments along with the analysis will be submitted to the BOD for their assessment and to provide recommendations that enhance transparency and performance development of the BOD members.

3.14 Board Meetings

The BOD shall hold meetings regularly, to ensure that the Board is effectively performing its duties. The BOD will meet during each fiscal year at least for the minimum times required by CCL and QFMA (currently six (6) times a year). Furthermore, three months must not elapse without convening a meeting.

The Board shall meet when convened by its Chairman as provided for by the Articles of Association. The invitation for the Board meeting and the agenda shall be communicated to each Board Member at least one week before the date of the meeting, noting that any Board Member may add any item to the agenda.

The Articles of Association define the proceedings on attendance, voting and Board meeting conditions.

3.15 Board Secretary

The BOD appoints a Board Secretary whose functions shall include recording the minutes of all the Board meetings and safekeeping records, books and reports submitted by or to the Board.

Under the direction of the Chairman, the Board Secretary shall be in charge of ensuring timely access to information and coordination among Board Members as well as between the Board and other stakeholders, including Executive Management, and employees.

The Board Secretary shall ensure that Board Members have full and timely access to the minutes of all Board meetings, information, documents, and records pertaining to QNB Group.

3.16 Conflict of Interest and Insider Trading

QNB Group maintains a comprehensive policy to address conflicts of interests and insider trading aspects so that the Bank is able to identify actual and potential conflicts of interest and manage them fairly and appropriately to prevent any situation affecting adversely the interests of QNB, its shareholders and stakeholders. The policy also captures rules governing the Group's entering into any commercial transaction with a related party, personal account dealing, tenders, auctions and outsourcing. In any event, it shall not be permitted to enter into any commercial transaction (or contract) with any related party unless in strict compliance with the provisions of the Commercial Companies Law and the related Qatar Central Bank instructions and QFMA's corporate governance code. The said rules and procedures also include principles of transparency, fairness and disclosure in addition to the requirement that a related party transaction be approved by a majority vote of shareholders, without the concerned related party participating in the voting.

QNB Group will adopt and make public general rules and procedures governing the Group's entering into any commercial transaction with a related party's, personal accounts dealing, tenders, auctions and outsourcing. In any event, it shall not be permitted to enter into any commercial transaction (or contract) with any related party unless in strict compliance with the provisions of the Commercial Companies Law and the related QCB instructions. All QNB Group employees are required to disclose periodically any personal interests and dealing in the Bank's shares, including third parties that have relations with the Bank.

3.17 Related Party Transactions

QNB Group believes in setting proper processes to deal with related party transactions across the Group. In effort to protect the reputation of the Group and simultaneously remain in compliance with regulations surrounding related party transactions.

3.18 Whistleblowing

QNB Group is committed to the highest standards of openness, probity and accountability. In line with that commitment, QNB Group maintains a robust Whistleblowing Policy and related-channels to encourage employees to report wrongdoings or violations they are aware of or have suspicions or concerns about, to a responsible and designated internal authority within QNB Group.

3.19 Anti-Bribery and Corruption (ABC) Framework

QNB Group has put in place an effective Anti-Bribery and Corruption Framework to avoid actions connected to bribery and corruption, the consequences of corrupt actions and encourage the proper use of whistleblowing channels to report suspicions.

The ABC framework is comprised of two mutually reinforcing principles, the Anti-Bribery & Corruption Policy, which governs ethical behavior and assigns roles and responsibilities to all QNB employees, and the Anti Bribery & Corruption Assessment Program, which aims to deter, detect, and prevent bribery and corrupt payments across the Group.

Section IV: Executive Management

QNB Group Executive Management will consist of a core group of senior staff who are responsible and accountable to the Board for effectively overseeing the day-to-day management of the bank.

QNB Group Governance principles and decision-making of Executive Management will be clear and transparent and designed to promote effective management of the Group. This includes clarity on the role and authority of the various positions within Executive management, including the GCEO.

QNB Group Executive Management team will contribute substantially to the Group's sound Corporate Governance through personal conduct. Members of Executive Management will provide adequate oversight of those they manage, and ensure that the Bank's activities are consistent with the business strategy, risk appetite and the policies approved by the Board.

Since QNB Group is operating in different jurisdictions that require a fair knowledge level of the banking activities, services and products; QNB Group has adopted high-level standards to achieve its goals and mission.

4.1 Qualifications

Executive Management must fulfil high standards regarding professional knowledge and expertise and personal qualifications. Executive Management should apply high ethical standards.

All members of Executive Management have to respect the division of power and responsibilities between the strategy (a function delegated to the BOD) and execution (a function delegated to Executive Management) within QNB Group.

All members of Executive Management should be aware of their role regarding corporate governance and understand their role in implementing the regulatory requirements and the BOD's instructions in the best interest of QNB Group.

4.2 Functions

Executive Management will ensure carrying out the following functions:

- Carrying out the operative business of the Group
- Prepare an organizational structure, which should be approved by the BOD allocating duties, responsibilities, authorities and reporting lines for the operations of the business and avoiding conflicts of interest
- Implementation of relevant regulations, directions and instructions from the BOD to the best of their ability and best interest of the QNB Group.
- Provide for appropriate procedures for identifying, measuring, evaluating and managing the risks faced by QNB Group.

- Provide appropriate procedures for ensuring that the requirements of the compliance function be fully met.
- Provide appropriate procedures based on instructions of the BOD in order to ensure that internal controls are complete and work efficiently and effectively, and review the adequacy of internal controls regularly.
- Keep proper records of all relevant procedures and decisions.
- Provide for a management information system, which comprises reporting on the business activities and any findings from internal controls regularly, and provide for immediate information to the BOD, Internal Audit and Compliance about material findings.
- Ensure that control functions, including internal audit and compliance have access to all required information to execute their tasks without affecting their independency in accordance with regulatory authority requirements and best standards and practices in this regard.

4.3 Responsibilities

Executive Management is responsible for the proper execution of the business. They are responsible for the relevance, integrity, completeness and timely submission of information regarding the operational business to the BOD.

Executive Management will ensure that enough information on the operations of QNB Group and financial instructions are furnished to all members of the BOD, in order to enable them to discharge their functions effectively.

Executive Management is responsible to the BOD for following key items:

- Strategy of the Group
- Annual budget and business plans.
- Risk policy and the enactment of directives defining tasks, responsibilities and reporting lines of the risk function. This should include duties and responsibilities to support and consult with all staff.
- Regular assessment of the risk function and controls.
- Internal control system
- Financial reporting, forms, reports, periodicity
- The Annual Report to QCB and the General Assembly

Executive Management is responsible for the Bank's compliance with laws and / or instructions of the QCB as well as any other laws and regulations applicable to the banking sector.

4.4 Organization

Executive Management ensure that controlling activities are integral to all business procedures. This includes controlling deviation from targets and goals in processes and results and taking corrective actions if needed, and the review of conduct of individuals and organizational units.

The means of control are as per the following:

- Activity controls which allow the different levels of management to monitor business performance and risk behaviour.
- The use of physical controls, as the double checking principle, segregation of duties or restricting access wherever it seems appropriate.
- Setting up and monitoring limits for different kinds of activities, e.g. credit or foreign exchange limits.
- Setting up and monitoring the system of authorities

QNB Group will adopt Internal Control Systems as approved by the Board, to evaluate the methods and procedures for risk management, implementation of QNB Group corporate governance code and compliance with related laws and regulations.

The Internal Control Systems shall set clear lines of responsibility and accountability throughout QNB Group divisions, overseas branches and subsidiaries.

Internal Control Systems shall include effective and independent risk assessment and management functions, as well as financial and operational internal audit and compliance review functions in addition to the external audit. The Internal Control Systems shall also ensure that all related-party transactions are handled in accordance with the requirements related thereto.

4.5 Management Committees

The Executive Management will form a number of management committees as appropriate in order to effectively and efficiently handle their responsibilities and run the day-to-day activities.

Management Committees shall be endowed with full executive powers to take into force decisions and actions related to their field, scope and structured hierarchy.

Currently, the management committees established at the Head Office are structured as follows:

- Tier 1 “Executive Committees”, the “decision making” Committees which include: Central Purchasing, Risk, Credit, ALCO, Senior Management, Strategy and Cyber Security, and who report to the Board via the appropriate Board of Director-related committee.
- Tier 2 “Management Committees”, the “Working Committees” which include (Business Development, IT, HR and Operations & Services) will report to the parent Committees in Tier 1.

QNB Group subsidiaries form their respective management committees according to their own needs, size and nature taking into consideration the corporate governance framework of QNB Group. For supervision and coordination purposes, those committees report and coordinate directly with the corresponding General Manager at QNB Group Head Office level.

The overseas branches form one or more committees to strengthen the control environment in the various processes and banking activities. Such committees depend on the volume of business and the country risk where QNB Group operates and are decided by QNB management. The overseas branch committees report the critical issues handled by them to the relevant QNB Head Office division.

4.6 Independent Functions

Group Internal Audit and Group Compliance are independent functions at QNB Group. These functions report directly to Board of Directors (Through the Group Board Audit and Compliance Committee (GBACC)).

Section V: Risk Management & Internal Control Framework

5.1 Risk Management

Risk is an integral part of QNB's business and decision-making process. QNB Group's sustainable performance depends its ability to manage risk at all levels. As a result, QNB maintains a robust risk management governance structure and framework that ensures a crucial balance between risk and reward. QNB's risk profile and appetite are approved by the Board of Directors (BOD) and Group Board Risk Committee (GBRC) and then cascaded down to every division, department and employee. The success of QNB Group's risk management framework is focused largely on encouraging pre-determined roles and responsibilities from the BOD level, down to the various committees, executive managers, senior managers and individual employees.

The BOD evaluates and oversees QNB Group's risk profile in coordination with the Group CEO, the Group's Management Risk Committee, the Group Credit Committee and the Group Assets and Liabilities Committee (ALCO). The BOD takes the responsibility for all aspects of QNB Group's risk management, including the management of credit, market and operational risks. The BOD has set forth the policy objectives and framework for QNB Group on all risk issues and maintains oversight of all risks on a day-to-day basis through various committees. These committees are responsible for formulating QNB Group's risk management policies, in line with the overall guidelines and objectives set by the BOD. The Group Risk Division, headed by the General Manager- Group Chief Risk Officer, carries out the implementation of such policies.

QNB Group's Risk Appetite Statement is central to the Group's integrated approach to risk management and articulates the risk culture, governance and boundaries of QNB Group. The Risk Appetite Statement provides a framework for QNB Group's attitude toward risk-taking and is reviewed, reassessed and agreed alongside QNB Group's strategic and financial planning process. The Risk Appetite statement is also the mechanism used to cascade the Group's risk appetite and allocations down to a regional and country level. The risk appetite framework ensures alignment with the Group's vision and strategy by tracking current performance against risk appetite targets.

The identification of principal risks is a process overseen by Group Risk. The material risks are regularly reported to the GBRC and Group Management Risk Committee (GMRC), together with a regular evaluation of the effectiveness of the risk-operating controls. The day-to-day governance is delegated through an Enterprise Risk Management (ERM) oversight structure and a robust risk control framework. This framework consists of a comprehensive set of policies, standards, procedures and processes designed to identify, measure, monitor, mitigate and report risk in a consistent and effective manner across the Group. The framework is essential

to support QNB Group's strategic objectives and acts as a platform for growth. The centralized approach to risk management is complemented by local expertise and knowledge and every employee in the Group is responsible for highlighting and dealing with potential risks in the course of their work.

From a governance perspective, the Group Board Risk Committee (GBRC) is the highest management authority in QNB Group for various risk related issues whereas the Group Management Risk Committee will be responsible to monitor and manage the risk of the Group in an efficient and effective manner and support the implementation of the Group strategy.

5.2 Internal Control System

The BOD assumes full responsibility for the QNB Group System of Internal Controls, whereby specific policies, guidelines and controls covering the entire Group's transactions have been devised. Moreover, the determinations of responsibility limits, performance monitoring, privileges and authorizations on all banking operations have been implemented in addition to a clear policy for segregation of duties and dual control. QNB Group's Executive Management is considered responsible for the overall control of these systems in coordination with the concerned General Managers, Divisional Managers and domestic and overseas Branch Managers. The responsibility of implementing efficient internal control systems at the Group level is the direct responsibility of every employee at the Group.

The Group Board Audit & Compliance Committee, on behalf of the BOD, assess on a regular basis the adequacy and effectiveness of internal control systems based on audits and assessment carried out by the Group Internal Audit Division and Group Compliance Division in addition to the reviews that the external auditors conduct. The BOD is notified on a quarterly basis of control issues (including risk management); it confirms the adequacy of the existence of effective internal controls at Group level based on the recommendations and advice presented by the Group Board Audit and Compliance Committee.

5.2.1 Internal Audit

Rigorous internal audit processes are fundamental component of QNB Group's business practice to ensure a sound corporate governance framework, following the three Lines of Defense model recommended by BASEL. QNB Group has an independent Internal Audit function (i.e. Group Internal Audit Division (GIAD)) with clearly defined functions and roles designed to add value and improve the Group's operations. The Group Chief Audit Executive who reports to the BOD and the GBACC heads GIAD.

QNB Group Internal Audit has the responsibility to identify and report on issues, deficiencies or weaknesses in the Group's systems and processes for controlling its activities and managing risks. Internal audit will have access to all Group's activities and records and is independent from the day-to-day functioning of QNB Group. In particular, the Internal Audit function will:

- Audit the Internal Control Systems and processes for controlling the Group's activities and manage risks through risk-focused examination and assessment covering:
 - The adequacy and reliability of systems and procedures in use and under development
 - Compliance with control guidelines issued by management
 - Compliance with the bank objectives and strategies
 - Compliance with all internal regulations, systems and procedures
 - The reliability and integrity of management information
 - Arrangement for the acquisition, record, custody and disposal of assets and for verifying their existence
- Provide Assurance to Key Stakeholders
 - Independent assurance service to the BOD and the Group Board Audit and Compliance Committee (GBACC) to review the effectiveness of the Group's governance, risk management and control processes
 - Advice to management on the adequacy and effectiveness of governance, risks and controls and recommend necessary enhancements
- Professional practices and resources
 - Internal audit practices at QNB Group adheres to the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA), as well as Basel Committee recommendations and other leading standards. The audit team is composed of professionals with experience from leading financial Institutions and audit firms across the globe.
- Universe and coverage
 - Internal audit remit in addition to Qatar includes Group's international branches as well as subsidiaries in all jurisdictions.
 - Audit plan is developed using best practice risk-based assessment of all the Group's businesses and activities
- Audit Programs and Techniques
 - Introducing data analytics and extrapolation techniques.
 - Focus on identifying systemic issues.
 - Conduct root cause analysis and recommend appropriate remedial action.
 - Provide awareness across all levels.
 - On-going updates to audit methodologies and techniques with focus on Risk Based Audit approach.
 - Develop full detailed audit programs incorporating the latest business strategies and developments and associated risks with focus on emerging risks.

- Promoting transparency
 - Audit reports incorporating issues, management's action plans and target dates for implementation, will be regularly issued to the management, GCEO and GBACC. In addition, a quarterly report summarizing activities and outcomes is also issued, and discussed, with the GBACC and the BOD.

5.2.2 Compliance

QNB Group Compliance is an independent function, with a formal status within QNB Group that identifies, assesses, advises on, monitors and reports on the bank's compliance risk, that is the risk of legal or regulatory sanctions, financial loss, or loss to reputation the Group may suffer as a result of failure to comply with applicable laws, regulations, codes of ethics & conduct and standards of good practice, which are principally relevant to corporate governance and the business activities of the Group.

These regulations include, but are not limited to, Qatar Central Bank regulations along with applicable regulations and instructions of the respective authorities to which the Group is subject to, as well as regulations of every country in which QNB Group operates. They also include those dealing with the prevention of financial crimes including, but not limited to aspects such as money laundering, terrorist financing, international sanctions programs, fraud control, tax compliance (AEOI matters) and corporate governance aspects.

QNB's Group Compliance Division continually monitors and assesses QNB Group's operations and activities from a Compliance perspective, exerting additional efforts to ensure high levels of compliance with QFMA, and QCB regulations as well as, local and international statutory requirements. Group Compliance strengthened QNB's commitment to integrity with the 'Anti-Bribery and Corruption' policy, which provides information and guidance to those working for the Bank on how to recognize and deal with bribery and corruption issues.

The Group Chief Compliance Officer, who reports directly to the BOD and the GBACC with dotted line to the Group CEO, heads Group Compliance Division.

In order for Group Compliance to carry out its role and responsibilities in the most effective and efficient manner, it is empowered to cover compliance issues of all of QNB Group activities and will be given unrestricted access at any time to all information, records, staff, property and operations in Qatar and overseas. In addition, it will have the right to conduct investigations of possible breaches.

The responsibilities of the Group Compliance will be carried out under a compliance program, which sets out its planned activities. Such plan will be approved by the Group Board Audit & Compliance Committee and executed according to the Compliance charter, policies, procedures and processes that cover the following:

- Oversee the implementation, operation and consistency of Compliance policies, including AML / CFT, KYC, Sanctions, Tax, Fraud controls, Data Protection and Governance across Head Office Divisions.
- In coordination with the Board and Head Office divisions, liaise with QNB key regulatory authorities and officials on compliance aspects.
- Fulfill the highest international financial industry standards to deliver robust compliance related monitoring activity and advisory throughout QNB Group.
- On a pro-active basis, identify and assess compliance risks associated with the business activities across QNB Group.
- Monitor the level of compliance by performing regular and comprehensive compliance risk assessment and testing.
- Report on a regular basis to the Group Board Audit & Compliance Committee and Executive Management on compliance matters, identified breaches and corrective actions taken.
- Ensure compliance with any specific regulatory requirements, and liaising with the regulators whenever needed.
- Maintain a comprehensive Financial Crime Compliance (FCC) Framework, structure and oversight strategy that supports effective FCC management and enable this to be effective to manage related risks.
- Carry out the roles and responsibilities of the Anti-Money Laundering and Combating Terrorist Financing activities and fulfilling the reporting requirements to the Financial Information Unit under the National Anti-Money Laundering Committee.
- Promote staff awareness and trainings with respect to all compliance aspects to manage financial crime compliance risks across QNB Group.
- Implement compliance culture that emphasizes high standards of ethical behaviour at all levels of the Group.
- Ensure the control of the adoption and implementation of the corporate governance principles.
- Ensure the whistle-blowing, anti-bribery and corruption, Chinese walls and insider-trading policies and processes are appropriately monitored and applied.
- Provide appropriate advice to Executive Management on compliance laws, rules and standards, including keeping them informed on developments in the area.
- Conduct investigations on the possible breaches of the laws and regulations.

Group Compliance will be provided with sufficient resources, according to the approved compliance organizational chart, to be able to carry out its responsibilities effectively.

Section VI: External Audit

The nomination and replacement of QNB Group External Auditors will be performed according to the provisions of the Commercial Companies' Law along with QNB Group Articles of Association.

Based on the applicable rules and regulations, the External Auditor should be independent, qualified, and will be appointed upon the recommendation of the GBACC to the BOD. The selection of the External Auditor shall be a separate item on the Agenda of the General Assembly.

The purpose of the external audit is to provide an objective assurance to the BOD and shareholders that the financial statements are prepared in accordance with the applicable laws and regulations and the international financial reporting standards and accurately represent the financial position and performance of QNB Group in all material aspects.

The External Auditor shall comply with the highest professional standards and shall not be contracted by QNB Group to provide any advice or services other than carrying out the audit of QNB Group. The External Auditor must be completely independent from QNB Group functions and Members of its BOD and shall not have any conflict of interest in his relation to QNB Group.

The Group's External Auditor must attend the annual General Assembly and shall deliver the annual audit report and answer any queries in this respect. Moreover, he will be invited to attend the quarterly Group Board Audit and Compliance Committee meetings to discuss any major issues related to the financial statements before being presented to the Board for approval.

The External Auditor is accountable to the shareholders and owes a duty to QNB Group to exercise due professional care in the conduct of the audit. The External Auditor is also responsible for notifying QCB of any violation to QCB instructions, or any other regulations, or contradiction with International Accounting Standards, or any significant development on any item of the Financial Statements.

Section VII: Disclosure Requirements

The BOD shall maintain a policy of transparency and disclosure.

This policy ensures timely and accurate disclosure of information on all material matters with regard to QNB Group including its financial position, performance, ownership and corporate governance.

7.1 Annual Report

The BOD prepares an Annual Report to the shareholders that shall include:

- The financial statements for the financial year.
- The description of the applied accounting standards, which must represent a true and fair view of QNB Group.
- The compliance and risk policy including foreseeable risk factors.
- The organizational structure of QNB Group including the committees set up within the BOD, their responsibilities, membership and working procedures.
- A full list of the BOD members providing information on their experience and information about their membership in any other banks or companies and their status.
- A report on the total remuneration for each of the members of the BOD and the related remuneration policy.
- The corporate governance arrangements of QNB Group.
- Plans, objectives and strategies of QNB Group.
- Any penalty, fine or punishment imposed on QNB Group.
- Material issues regarding the employees or stakeholders

Shareholders, investors and market participants must be granted access to the information in accordance with applicable laws and regulations. The Annual Report must be made available to stakeholders upon request and must be available on the website of QNB Group.

QNB Group will comply with all disclosure requirements including financial reporting by ensuring that all disclosure made by the Group provides accurate and true information.

QNB Group's financial statements disclosed in the annual report must comply with the International Financial Reporting Standards (IFRS).

The External Auditor report shall include affirmations that they have received all the required information, and that the audit was conducted in accordance with the International Standards on Auditing (ISA).

QNB Group's audited financial statements along with the External Auditor report will be circulated to all shareholders, investors and any interested party.

7.2 The Corporate Governance Report

Based on the disclosure requirements issued by Qatar Financial Market Authority (QFMA) Code for Corporate Governance and QCB Corporate Governance Instructions, the BOD of QNB Group shall endorse an annual Corporate Governance Report (CGR) and with the GBACC, ensuring it is prepared in line with the above-mentioned requirements.

The report will include the BOD's assessment of QNB's level of compliance with the Corporate Governance provisions issued by QFMA and the QCB.

The Corporate Governance Report will be submitted to QFMA and QCB on an annual basis and whenever required. The said Report will be published and will include all information related to the application of the QFMA and QCB requirements, including:

- Procedures followed by QNB Group in this respect.
- Any violations committed during the financial year, their reasons and the remedial measures taken and measures to avoid the same in the future.
- Members of the Board of Directors and its Committees and their responsibilities and activities during the year, along with the policy of determining the remuneration of BOD and Executive Management.
- Internal Control procedures including particularly, QNB Group's oversight of financial affairs, investments, and risk management.
- The procedure followed by QNB Group in determining, evaluating and managing significant risks, a comparative analysis of the Group's risk factors and discussion of the systems in place to confront drastic or unexpected market changes.
- Assessment of the performance of the BOD and Executive Management in implementing the Internal Control systems, including identification of the number of times when the Board was notified of control issues (including risk management) and the way such issues were handled by the Board.
- Internal control failures or weaknesses or contingencies that have affected or may affect the Group's financial performance and the procedures followed by QNB Group in addressing Internal Control failures (especially such problems as disclosed in the Annual Reports and Financial Statements).
- QNB Group's compliance with applicable market listing and disclosure rules and requirements.
- QNB Group's compliance with Internal Control systems in determining and managing risks.

- All relevant information describing QNB Group risk management operations and Internal Control procedures.

Group Compliance will prepare QNB's Corporate Governance report. It will be discussed with the Group CEO before being reviewed by Group Board Audit and Compliance Committee on behalf of the BOD. Discussion of the Corporate Governance report will be included in the agenda of the Annual General Assembly Meeting. The report will also be published on the QNB website.

7.3 Sustainability Report

To promote transparency in the banking sector QNB is committed to publicly disclosing its sustainability performance annually. At QNB, sustainability is defined as the delivery of long term value in financial, environmental, social and ethical terms, for the benefit of our customers, shareholders, employees and communities.

QNB publishes annually a Sustainability Report which covers aspects such as Environmental, Social and Governance (ESG) matters. This report forms part of QNB Group's annual publications and complements the QNB Annual Report and the QNB Corporate Governance Report.

QNB's Sustainability report is developed in alignment with the following national and international standards and guidelines such as:

- Global Reporting Initiative (GRI) Standards;
- United Nations Sustainable Development Goals (UNSDGs);
- United Nations Global Compact (UNGC) and Communication on Progress (COP); and
- Qatar Stock Exchange (QSE) 'Guidance on ESG reporting'

Section VIII: Shareholders and Stakeholders' Rights

8.1 General Rights of Shareholders and Key Ownership Elements

Shareholders have all rights conferred upon them by related laws and regulations as well as QNB Articles of Association. In addition, the Board shall ensure that shareholders' rights are respected in a fair and adequate manner.

Following QCB directions regarding the ownership limits and restrictions on the listed companies, companies are required to control and monitor any ownership exceeding (5%) of the financial institutions shares except Qatar Investment Authority, Qatar Holding and General Retirement and Social Insurance Authority, and to adopt a procedure to reduce the excess in the ownership limit; together with any ownership excess with respect to QNB Articles of Associations provisions.

QNB will adhere to the above mentioned rules and put in place the appropriate mechanism to ensure compliance.

8.2 Ownership Records

Before the General Assembly meeting, shareholders will be entitled to have access to the Shareholders' register and Board Members' register, and obtain a copy of the Articles of Association, the Annual Report, the financial statements, the related parties' contracts and any other document required by the rules or QNB Group's Articles of Association.

QNB Group's website will contain all relevant information and disclosures. This includes all information that is required to be made public.

8.3 Minority Shareholder Rights

The rights of minority shareholders will be protected and safeguarded in all matters related to QNB Group. QNB's Articles of Association (AoA) states that each share shall entitle for an interest equal to the interest of any other share, without discrimination, in the ownership of the Company's assets and earning divisible. The AOA also states that the General Assembly may hear any proposal, which stem from a number of shareholders owning not less than 5% of the total number of shares.

8.4 Shareholders' Rights with Regard to Shareholders' Meetings

The Bank's Articles of Association include provisions ensuring effective shareholders' right to call for a General Assembly and be convened in a timely manner. Also included is the right to place items on the agenda, discuss matters listed on the agenda and address questions and receive answers thereupon and the right to make informed decisions.

All QNB shares will have the same rights attached to them.

8.5 Shareholders' Rights Concerning Dividend Distribution

The BOD, in conformity with the applicable rules and regulations, will submit to the General Assembly a clear policy on dividend distribution. This shall include the background and rationale of such policy in terms of the best interests of QNB Group and shareholders.

8.6 Capital Structures and Major Transactions

The Capital Structure of QNB Group will be disclosed and all the agreements between QNB Group and any of its shareholders will be disclosed and approved following the rules and requirements of the State of Qatar.

8.7 Stakeholders' Rights

The rights of Stakeholders shall be considered in all matters of their dealing with QNB Group. Where Stakeholders participate in the corporate governance arrangements, they shall have access to relevant, sufficient and reliable information on a timely and regular basis.

The BOD shall ensure that QNB Group employees are treated according to the principles of equal opportunity and without any discrimination whatsoever based on race, gender, or religion.

Group Compliance implements a Stakeholders' Rights Policy across QNB Group to outline the general principles and guidelines for relations and interactions with stakeholders. The policy takes into account generally accepted best practices that are in accordance with, QFMA corporate governance regulations, Qatar Central Bank (QCB) guidelines / regulations, and other related regulatory requirements. The basic key principles of QNB's Shareholders' Rights policy include:

- Responsibilities of the Board towards the, shareholders and other stakeholders.
- Ensuring rights of stakeholders and their protection.
- Equitable treatment of all categories of stakeholders.
- Role of employees and other stakeholders.
- Timely disclosure and transparency of corporate structure and operations.

The BOD shall develop a remuneration policy and packages that provide incentive for employees and management of QNB Group to always perform in the best interests of the Group. This policy should take into consideration the long-term performance of QNB Group. Moreover, the BOD will adopt the whistle-blowing mechanism enabling employees of QNB Group to report to the BOD suspicious behavior, where such acts are unethical, illegal, or detrimental to QNB Group. Under the whistleblowing policy, the BOD ensures that the employee addressing the BOD shall be afforded confidentiality and protected from any harm or negative reaction by other employees or the employee's superiors.

Appendix: Group Compliance Role to Implement the Corporate Governance Mandatory Requirements

Requirement	Owner	Coordinator	Frequency	Description
BOD Charter, BOD Policy & Code of Conduct	GBNRGPC	Group Compliance	Every 3 Years or earlier if required	Group Compliance will conduct the review in coordination with concerned divisions. GBNRGPC to review prior to BOD approval.
BOD Committees TORs	GBNRGPC	Group Compliance	Every 3 Years or earlier if required	Group Compliance will conduct the review in coordination with concerned divisions. GBNRGPC to review prior to BOD approval.
BOD Induction File	BOD Office	Group Compliance	Every 3 years or in case of BOD Members Replacement	Providing the new BOD members with sufficient information about QNB as an organization and the Board responsibilities to ensure they have proper understanding of how the bank operates.
BOD Members Nomination & Election Process	GBNRGPC BOD Office	Group Compliance Legal	Every 3 Years	Make sure the process is being performed according to QCB, QFMA and other regulatory requirements. In order to preserve the principle of transparency in the nomination / election of the BOD members.
BOD Remuneration Policy	GBNRGPC	Group Compliance FCD Risk	Every 3 Years or earlier if required	The Board remuneration policy defines the underlying mechanism whereby the remuneration is directly linked to the effort and performance of the BOD, and should be approved by shareholders at the GAM.
BOD Share Ownership	GBNRGPC	Group Compliance FCD	Quarterly	Disclose of Shareholding by Board members (as applicable) quarterly to the relevant regulatory authorities.
BOD Assessment Policy	GBNRGPC BOD Office	Group Compliance	Annually	The BOD will assess its performance collectively and individually giving all BOD members an opportunity to evaluate and discuss the BOD's performance from multiple perspectives. The GBNRGPC will initiate the assessment exercise, and Group Compliance will consolidate the assessment questionnaires and prepare a memo to the attention of the GBNRGPC for review prior approval from the BOD.
BOD Members Independence Assessment	GBNRGPC BOD Office	Group Compliance	Annually	Assess the extent to which the BOD members satisfy the requirements of independence.
Corporate Governance Report	BOD GBACC	Group Compliance	Annually	Preparing and publishing all the information (Corporate Governance, Financial & non-financial data) for investors and stakeholders based on QCB and QFMA disclosure requirements.
Conflict of Interest & Insider Dealing Policy	GBNRGPC	Group Compliance Group Human Capital	Every 3 Years or earlier if required	QNB Group employees are required to periodically disclose any personal interest and dealings in the Bank's shares including third parties that have relations with the Bank.
QNB Group Wide Policy	GBNRGPC	Group Compliance Group Risk Group Financial Control GIAD	Every 3 Years or earlier if required	Group Compliance will conduct the review in coordination with QNB concerned departments. GBNRGPC to review prior to BOD approval.
Disclosure & Transparency Policy	GBACC	Group Compliance Group Risk Group Financial Control GIAD	Every 3 Years or earlier if required	Group Compliance will conduct the review in coordination with other QNB concerned departments
External Auditors	GBACC	Group Compliance Group Risk Group Financial Control GIAD	Annually	Information regarding external auditors (I.e., fees, appointment of new auditor) is disclosed annually in the Corporate Governance Report.