



# Corporate Governance Guidelines

*Approved by the Board of Directors on 15 May 2020*

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## 1. DEFINITIONS

- 1.1. **Affiliates:** Branches, banks and financial institutions, in Lebanon or abroad, in which the Bank holds, directly or indirectly, a minimum of 40% of the voting rights, or whose management is effectively controlled by the Bank, regardless of the Bank's stake
- 1.2. **Bankmed or Bank or Parent:** Bankmed S.A.L.
- 1.3. **Board:** Board of directors of Bankmed S.A.L.
- 1.4. **Board Member:** member of the board of directors of Bankmed S.A.L.
- 1.5. **Chairperson:** Chairperson of the board of directors of Bankmed S.A.L.
- 1.6. **CEO or EGM:** Chief Executive Officer or Executive General Manager of the Bank (terms used interchangeably)
- 1.7. **Guidelines:** These Corporate Governance Guidelines
- 1.8. **Group:** Bankmed and its Affiliates
- 1.9. **Non-Executive Board Member:** Board Member who has a non-administrative function in the Bank and who is entrusted with non-executive duties at the Bank and/or any of its branches or affiliates in Lebanon or abroad, or who does not fulfil a consultative function for the Senior Management, whether presently or during the two years preceding his/her appointment as a Board Member. A Board Member appointed on the board of directors of any affiliate abroad is not considered as an executive member if he is not considered as executive as per the applicable laws in the foreign country.
- 1.10. **Independent Board Member:** Board Member who meets all the following conditions:
  - 1.8.1. Is a non-executive Board Member
  - 1.8.2. Is not one of the major shareholders who own, directly or indirectly, more than 5% of the Bank's total shares or voting rights pertaining to these shares
  - 1.8.3. Is independent from any person in the Senior Management or from the major shareholders, so that no business relationship binds him/her to any of them, whether presently or during the two years preceding his/her appointment as a Board Member
  - 1.8.4. Is not related by kinship, up to the fourth degree, to any of the major shareholders
  - 1.8.5. Is not one of the Bank's debtors
- 1.11. **Senior Management:** persons responsible for supervising the daily business, such as the Chairperson-General Manager, the Chief Executive Officer, the assistant general managers, the heads of the main divisions, and the officers in charge of specialized committees

## 2. SCOPE

- 2.1 These Corporate Governance Guidelines apply to the Group:
  - 2.1.1. Affiliates in the Group should receive these Guidelines and share them with the relevant parties within the Affiliate;
  - 2.1.2. Each Affiliate shall develop its own guidelines, policies, and procedures that should be aligned with the spirit of these Guidelines, and with the Group's corporate governance framework, policies, culture, and risk appetite and in line with local legal regulations of the Affiliate.
- 2.2 The above shall be facilitated and supported by the Group Corporate Secretary.

### **3. CORPORATE GOVERNANCE FRAMEWORK**

- 3.1 Bankmed promotes and exercises responsible and sound corporate governance and ethical conduct. The Board is actively involved in setting the highest standards of corporate governance and practicing a strong oversight over their implementation.
- 3.2 Bankmed's corporate governance standards are founded on the core principles of transparency and accountability at all levels of the organization, with adequate empowerment of Senior Management and proper evaluation of their performance and that of the board, while emphasizing the protection of shareholders' rights, and preserving and treating equitably the interests of all stakeholders.
- 3.3 Key components of the Bank's corporate governance framework are addressed in these Guidelines and in a set of policies and procedures (listed in Appendix A) that are approved and periodically reviewed by the Board.
- 3.4 Bankmed continuously develops its corporate governance framework in order to accommodate the evolving business model and risk profile of the Bank and the Group, and to meet international best practices. This approach enables the Bank to strengthen its checks-and-balances and maintain an effective corporate governance framework that is commensurate with the size, complexity, structure, geographical footprint, business strategy, markets, risk profile, regulatory requirements, and business model of the Bank and its Affiliates.

### **4. BOARD ROLE AND RESPONSIBILITIES**

- 4.1 The Board has ultimate overall responsibility for the Bank and has the broadest powers to implement the decisions of the General Assembly and to carry out all operations required to properly run the Bank, which are not deemed as day-to-day operations. Its responsibilities include, inter alia, setting, approving, and overseeing management's implementation of:
  - 4.1.1. The Group's vision and mission
  - 4.1.2. The Group's corporate culture and values
  - 4.1.3. The Group's business strategy
  - 4.1.4. Overall financial planning taking into account, among other factors, the Group's long-term financial interests, safety and capital adequacy
  - 4.1.5. The Group's ICAAP, capital planning, liquidity planning, and Recovery Plan.
  - 4.1.6. Policies designed to ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and regulations
  - 4.1.7. Overall risk strategy including risk appetite framework, and risk management framework and policies, and adequate risk culture
  - 4.1.8. Clear governance framework appropriate to the structure, business and risks of the Group
  - 4.1.9. Internal control framework
  - 4.1.10. Compliance framework and policies
  - 4.1.11. A clear organisational structure with qualified Senior Management, and well-functioning independent internal risk management, compliance and audit

functions. The Bank maintains a clear and updated administrative organization chart approved by the Board.

- 4.1.12. A sound remuneration and performance evaluation policy
  - 4.1.13. An adequate related party transactions and conflict of interest policy
  - 4.1.14. An appropriate disclosure and communication policy, including financial information.
- 4.2 In addition, the Board shall have the sole authority to assess and approve, as it finds fit, any corporate action to be taken by the Bank, that might have an impact on the Bank or the Affiliate or the Group's (i) organisational structure, (ii) strategic objectives or outlook, (iii) risk appetite or profile, or (iv) business model. Such corporate action includes but is not limited to any material or strategic investment, mergers, acquisitions, divestitures, expansion into new geographic areas or line of business, increase or decrease of capital, taking of any material borrowing through conventional borrowing channels or through any debt or financial instruments, applying for the listing or trading of any shares or debt securities on any stock exchange or market, passing any resolution for its winding up or for suspending any regulatory license or presenting any petition for its administration, altering the name of the entity or its jurisdiction of incorporation, changing the nature of the business or commencing any new business which is not ancillary or incidental to the initial business of the entity, creating or granting any encumbrance over the whole or any part of the entity or its assets.
- 4.3 The Board has ultimate responsibility to elect the Chairperson and appoint the CEO, define their respective authorities upon the recommendation of the Corporate Governance and Nomination Committee, set their performance standards and evaluate their performance. Moreover, the Board is responsible for approving the appointment of the Chairperson's and CEO's direct reports upon the recommendation of the Corporate Governance and Nomination Committee, and the appointment and dismissal of heads of control functions (risk management, internal audit, and compliance) upon the recommendation of the relevant board committee and the Governance and Nomination Committee.
- 4.4 These Guidelines shall apply without prejudice to any power, prerogative, or authority that is reserved to the Board by virtue of laws and regulations, Bank's Articles of Associations, agreements, customs, or relevant corporate bodies' resolutions.

## 5. BOARD COMPOSITION

- 5.1 *Size:* The Board shall be composed of at least 6 members and shall not exceed 12 members
- 5.2 *Non-Executive Board Members:* at least the majority of board members shall be non-executive members.
- 5.3 *Independent Board Members:* The Board shall include at least 4 independent members, or a higher number, as deemed adequate based on the periodic assessment performed by the Corporate Governance and Nomination Committee that takes into consideration the size, complexity, and risk profile of the Bank as well as legal and regulatory requirements for Board Committees.

- 5.4 *Qualifications*: Board members should meet Fit & Proper requirements including:
- 5.4.1. Relevant technical skills and professional experience
  - 5.4.2. A high level of ethical standards and integrity, and a good personal and professional reputation
  - 5.4.3. No conflict of interest
  - 5.4.4. Capacity to allocate the time needed
  - 5.4.5. Ability to exercise independent judgement
  - 5.4.6. Ability to foster debate and communication
- 5.5 *Nomination*: The suitability of every person who is being considered for appointment or re-appointment as Member of the Board is assessed by the Corporate Governance and Nomination Committee against the Fit & Proper criteria mentioned in these Guidelines. The Committee then recommends to the Board the nomination of suitable candidates.
- 5.6 *Election and Term*: The Board Members are elected by the Ordinary General Assembly for a maximum tenure of 3 years. Any Board Member may be re-elected several times. The Corporate Governance and Nomination Committee, within the context of the Board Succession Plan, will periodically review the tenure of each Independent Board Member, and will assess whether any Member's long tenure compromises his independence, and will assess the need for periodic refreshing of the Board.
- 5.7 *Changes in status*: each Board Member shall provide the Group Corporate Secretary with information related to his/her appointment at, or affiliation with, any institution including non-profit organizations, whether in an executive, advisory, or board membership role. The Board Members shall proactively inform the Group Corporate Secretary of any change(s) thereto, as well as with information related to any event that may lead to a potential conflict of interest, or to said member no longer qualifying as independent, or no longer being able to allocate the time needed, or no longer meeting any of the Fit & Proper requirements mentioned above. This information is reviewed by the Corporate Governance and Nomination Committee.

## 6. CHAIRPERSON AND VICE CHAIRPERSON OF THE BOARD

- 6.1 The Board elects the Chairperson from the Board Members for a period not to exceed the tenure of the Board
- 6.2 The Chairperson leads the Board and ensures an effective overall functioning of the Board in compliance with relevant laws and regulations and best practices. Accordingly, the Chairperson ensures an efficient information flow, promotes open and critical discussion and debate environment and ensures that opposing views are heard and discussed as part of the decision-making process. Moreover, the Chairperson convenes and presides at all Board meetings, approves meetings' agendas and information sent to the Board, and ensures that there is sufficient time for discussion of all agenda items, especially strategic priorities.
- 6.3 The Extraordinary General Assembly may resolve to separate between the functions of the Chairman of the Board on one hand and the General Manager of the Bank on the other hand. The Board shall then appoint an individual as General Manager/CEO of the Bank. The Chairman shall then be entrusted, in this case, with the general supervision

over the functioning of the Bank, without interfering in the daily business, and shall give general non-binding guidance to the General Manager. He shall chair the Board of Directors, ensure its proper functioning, and be responsible for regulatory and governance matters. The General Manager shall have all powers to represent the Bank vis-à-vis third parties, implement the Board resolutions and conduct the daily business of the Bank as defined by relevant laws and regulations, articles of associations and customs, under the supervision and control of the Board

- 6.4 The Board of Directors shall elect among its members a Chairperson and if need be a Vice Chairperson for a period of three years at most. They may be re-elected for successive mandates. The Chairperson, and Vice Chairperson if any, shall be a natural person. If the Chairperson is temporarily not in a position to carry out his duties, he may delegate all or part of his powers to the Vice Chairperson, if any, otherwise to a member of the Board to act on his behalf, provided that such delegation is always granted for a limited period, however renewable, and published in the Commercial Register

## **7. BOARD MEMBERS ACCESS TO INFORMATION**

- 7.1 Board Members have full access to any relevant records and information of the Bank, and may request to meet any Bank officer or outside advisor (including outside counsel and external auditor). The Group Corporate Secretary facilitates such requests.
- 7.2 The Board and its Committees may take independent professional advice and engage independent advisors (including independent legal counsel, accountant and others) as deemed appropriate to discharge their responsibilities, at the Bank's expense approved by the Board. The Group Corporate Secretary facilitates such requests.

## **8. CONFIDENTIALITY**

- 8.1 Board Members abide by all relevant laws and regulations, in particular the Lebanese Banking Secrecy Law, and treat as confidential all information known to them or which they may be aware of or have access to or receive during the course of or in connection with their duties as Board Members. This obligation continues even when Board Members leave their duties at the Bank.

## **9. BOARD MEMBERS INSURANCE POLICY**

- 9.1 The Board ensures that a proper Directors and Officers liability insurance policy in line with market practice is provided to Board Members at the Bank's expense.

## **10. BOARD MEMBERS REMUNERATION**

- 10.1 The remuneration of the Chairman and members of the Board is decided by the General Assembly in accordance with the law. In the event a Board member receives a compensation from the Bank for managerial functions, such compensation shall be deemed to include the total annual remuneration that is granted to a Board member and to a Board Committee member, such that the relevant Board member shall not receive any remuneration for his Board duties in addition to his aforementioned executive compensation.

## 11. BOARD MEETINGS

- 11.1 *Frequency of Meetings*: The Board must hold at least six meetings per year, of which two at least in Lebanon. The Board shall be convened whenever the interest of the Bank dictates
- 11.2 *Annual Calendar*: The Board should agree on an annual calendar of Board meetings no later than December of the preceding calendar year.
- 11.3 *Teleconference*: Except for the Board and shareholders' meeting discussing the Annual Financial Statements, Board Members and Shareholders (or their representatives) are able to participate in the deliberations through audio-visual means of communications such as phone or videoconference, according to terms and condition of relevant laws and regulations, and shall be counted in the quorum.<sup>1</sup>
- 11.4 *Invitation Notice and Agenda*: A detailed written agenda for each meeting is set by the Chairperson with the support of the Group Corporate Secretary. Any Board Member may request to include items on the agenda. The agenda and information package is circulated to the Board Members at least one week prior to the scheduled date for the relevant meeting, or exceptionally 48 hours before the meeting. In some exceptionally urgent cases, the Board may be convened immediately
- 11.5 *Urgent Matters*: The Chairperson may put for discussion in the meeting any urgent or important matter not listed on the Agenda and that came into existence after dispatching the Agenda to Board Members.
- 11.6 *Chairing the Meeting*: The Chairman shall preside over the meetings of the Board and in his absence, the Vice Chairman, if any, will do so; otherwise, the Board members attending a given meeting shall appoint by majority an independent Board member to preside over the meeting, and in case of a tie vote, the eldest attending independent member shall preside over the meeting
- 11.7 *Proxies*: Any Board Member who cannot attend the meeting may delegate another Board Member to represent him/her by virtue of a proxy to be sent to the Chairperson or Secretary of the Board. A Board Member can represent only one other Board Member.
- 11.8 *Minutes of Meetings and related copies and extracts*: Deliberations of the Board are recorded in minutes, which are kept at the Bank's Head Office, and signed by all of the present members or their representatives, as well as by the Secretary. Said minutes shall have full evidential weight. Recording the names of the present, represented or absent members of the Board in the minutes is a conclusive evidence towards third parties of the members who participated in the deliberations. The present members or their representatives may request to record their objection to a resolution in case said resolution is adopted by a majority of votes. Excerpts of minutes to be submitted to the courts or other authorities shall be ratified by the Chairman or by two members of the Board of Directors and by the Secretary of the Board.
- 11.9 *Venue*: Meetings are held at the Bank's Head Office or at any other place, inside or outside Lebanon

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<sup>1</sup> Subject to the Bank's Articles of Association

- 11.10 *Quorum*: The deliberations are not considered legal unless at least half of the Board Members (quorum) are present or represented at the meeting
- 11.11 *Resolutions*: Resolutions are taken with the absolute majority of present or represented Board Members votes. In the event of a tie vote, the Chairperson vote prevails
- 11.12 *Adjournment of meetings*: Meetings may be adjourned in case the Board is not able to discuss all of the items listed on the agenda. In this case (i) the Chairperson shall set the date and time to resume the meeting which shall be resumed within a week as of the date it is adjourned otherwise it will be deemed as closed, and (ii) proxies delivered by the Board Members in relation to the adjourned meeting will be valid for the purpose of the resumed meeting.

## 12. BOARD MEMBERS INDUCTION PROGRAM

- 12.1 Bankmed organizes an Induction Program for new Board Members upon joining the Board. The purpose of the Induction Program is to provide new Board Members with the information needed to become as effective as possible in the new role within the shortest practicable time, and to help them build an understanding of the nature of the Bank, its business and the markets in which it operates, the regulatory framework, the vision, the strategy, the risk profile, the business plan, the structure, the main challenges, the governance framework and the role, responsibilities, and rights of a Board member
- 12.2 The Induction Program is overseen by the Corporate Governance and Nomination Committee, and facilitated by the Group Corporate Secretary.

## 13. BOARD MEMBERS CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMS

- 13.1 Bankmed organizes continuing professional development programs for Board Members in order to ensure they maintain and enhance their knowledge and skills, and fulfil their responsibilities. Such programs include training sessions on relevant laws, regulations, international best practices, and changing commercial and other risks.
- 13.2 In addition, Board Members attend training programs required by regulatory authorities.
- 13.3 The continuous professional development programs are overseen by the Corporate Governance and Nomination Committee and facilitated by the Group Corporate Secretary.

## 14. BOARD ASSESSMENT

- 14.1. An assessment is periodically performed in order to evaluate the suitability and effectiveness of the Board, either as a self-assessment or by a third party. The Corporate Governance and Nomination Committee is responsible for the development of the self-assessment methodology (approved by the Board) and oversees the process which is facilitated by the Group Corporate Secretary.

## 15. SUCCESSION PLANS

- 15.1. Bankmed maintains a Board Members Succession Plan to ensure the Board's composition is regularly assessed, the needed skills and qualifications are determined, and suitable candidates are identified and nominated in a timely and effective process. This ensures that the Board continuously has the adequate composition and the right mix of skills in order to exercise its duties effectively.
- 15.2. The Corporate Governance and Nomination Committee is responsible for the development and periodic review of the Board Members Succession Plan and for its implementation. The Committee shall review the Board's membership needs and identify any gaps based on (i) the Bank's strategy, (ii) required educational qualification, professional skills, experience, and personal traits needed to be available collectively in the Board as per the Bank's strategy, risk profile, and other regulatory requirements, (iii) number and qualifications of non-executive and independent members needed to fill the Board's various committees, (iv) combined and collective qualifications of the current Board members, and (v) any gaps vs. the above-mentioned requirements
- 15.3. The Corporate Governance and Nomination Committee is also responsible to ensure that there is adequate succession planning for the Chairperson and the CEO.

## 16. BOARD COMMITTEES

### 16.1 *General*

- 16.1.1. The Board establishes, from among its members, Board committees as necessary and as required by regulatory requirements, and sets and approves their responsibilities and mode of operation.
- 16.1.2. Each Board committee has a charter that sets out its composition, mandate, scope, operating procedures and reporting to the Board. Committee charters should be approved and periodically reviewed by the Board.
- 16.1.3. At the beginning of each year, each Board Committee establishes an annual schedule with a list of major topics to be considered throughout the year in order to ensure a proper coverage of all the responsibilities of the Committee.
- 16.1.4. The Board, following a recommendation by the Corporate Governance and Nomination Committee, periodically reviews the composition of Board committees and considers the rotation of Board committee members and chairs as needed.

### 16.2 *Audit Committee*

- 16.2.1. The Audit Committee assists the Board in the proper discharge of its duties, especially those related to selecting and enhancing the qualifications and independence of external and internal auditors, monitoring the sufficiency and effectiveness of the Bank's systems and procedures of Internal Control, overseeing the fairness of the financial statements and related disclosures, overseeing compliance with applicable laws and regulations and internal policies, and following up on necessary corrective actions.

### **16.3 Risk Committee**

16.3.1. The Risk Committee assists the Board of Directors in fulfilling its tasks and oversight role with respect to the risk governance and risk management framework, and the identification, measurement, monitoring and mitigation of risks.

### **16.4 Remuneration Committee**

16.4.1. The Remuneration Committee assists the Board in setting the remuneration principles and standards for the Group, as well as determining the remuneration of senior employees.

### **16.5 Compliance and AML/CFT Committee**

16.5.1. The Compliance and AML/CFT Board Committee supports the Board in its functions and oversight role with respect to fighting money laundering and terrorist financing by ensuring adequate policies and control framework are in place.

### **16.6 Corporate Governance and Nomination Committee**

16.6.1. The Corporate Governance and Nomination Committee assists the Board in maintaining a strong corporate governance framework including an adequate nomination process for Board members, Board committees, and key position holders in line with regulatory requirements and international best practices.

### **16.7 Board Committees at Affiliate and Parent levels**

16.7.1. As a general principle, Affiliates should have the same kind of board committees as those at the Parent level, and the composition of these committees should be aligned with the composition requirements at Parent level, unless local regulations or proportionality considerations require otherwise. In such a case, the matter should be escalated to the Parent Corporate Governance & Nomination Committee.

16.7.2. The mandate of Bankmed board committees is group-wide and each group committee has to ensure that the topics subject to its oversight are adequately addressed across the Group.

## **17. GROUP CORPORATE SECRETARY**

17.1 The Board, upon the recommendation of the Corporate Governance and Nomination Committee, appoints the Group Corporate Secretary who reports directly to the Chairperson.

17.2 The Group Corporate Secretary is responsible for:

17.2.1. Following developments in local and international regulations, standards, and best practices related to corporate governance, and providing updates and suggestions to the Corporate Governance and Nomination Committee in order to ensure the corporate governance framework of the Bank is continuously developing and remains up to date.

- 17.2.2. Reviewing the corporate governance framework of the Bank and ensuring all related policies, procedures, and guidelines are regularly reviewed, updated, and approved by the Governance and Nomination Committee and the Board
  - 17.2.3. Monitoring compliance with governance procedures
  - 17.2.4. Facilitating relationship with the shareholders and organizing General Meetings of shareholders
  - 17.2.5. Ensuring effective communication between the Board and its committees, between Non-Executive Board Members and Senior Management, and between the Board and Senior Management.
  - 17.2.6. Facilitating access of Board Members to any relevant records and information of the Bank, and facilitating meetings with any Bank officer or outside advisor (including outside counsel and external auditor).
  - 17.2.7. Facilitating the Induction Program, the Continuous Professional Development Programs, and Board Assessment Process.
  - 17.2.8. Supporting Board Members in taking independent professional advice and engage independent advisors as per these Guidelines.
  - 17.2.9. Maintaining Register of Directors and keeping updated information related to Board Members required for proper assessment of independence, qualifications, and other Fit & Proper requirements.
  - 17.2.10. Ensuring the effective functioning of Board and Board Committee meetings and for that purpose, he/she is responsible to:
    - 17.2.10.1. Coordinate the development of annual schedule and agendas of Board and Board Committees meetings
    - 17.2.10.2. Assist the chairpersons of the Board and Board Committees in setting up agendas of Board and Board Committees meetings, and ensuring proper communication of related resolutions.
    - 17.2.10.3. Follow up on the execution of Board resolutions and Board committees resolutions, and raise to the Board and to Board committees any pending matters.
    - 17.2.10.4. Coordinate, for the purpose of the Board meetings, between the Board and different units of the Bank.
    - 17.2.10.5. Attend Board and Board committees' meetings and minute a summary of the discussions and deliberations, and record the resolutions adopted during the meetings.
    - 17.2.10.6. Act as per the directives of the Chairperson
    - 17.2.10.7. Act as a custodian for the minutes of meetings of the Bank's general assembly, the Board, and Board committees.
- 17.3 The scope/mandate of the Group Corporate Secretary is group-wide and covers all Affiliates. The Group Corporate Secretary is responsible for developing the appropriate group-wide framework needed to enable him/her to fulfil his/her responsibilities across the Group. The framework should be documented and approved by the Corporate Governance and Nomination Committee and the Board.

## **18. CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS**

18.1 In line with best corporate governance practices and applicable laws and regulations, in particular Article 152 of Code of Money and Credit and Article 158 of Code of Commerce, the Bank has adopted a "Related Party Transactions and Conflict of Interest Policy". The policy establishes appropriate processes and controls for the proper identification, management, approval, and disclosure of transactions between the Bank and related parties

## **19. CODE OF ETHICS AND PROFESSIONAL CONDUCT**

- 19.1. The Bank has adopted the "Code of Ethics and Professional Conduct" which sets the standards and best practices of honesty, integrity and professionalism in building sound relationships with all stakeholders in general and clients in particular, in compliance with relevant laws and regulations.
- 19.2. The Code of Ethics and Professional Conduct is approved by the Board and reviewed on an annual basis and when needed.
- 19.3. The Audit Committee receives regular reports regarding compliance with the Code of Ethics and Professional Conduct.

## **20. WHISTLEBLOWING**

20.1. The Bank has adopted a Whistleblowing Policy that sets the requirement and procedures for reporting and investigating any violation or breach of applicable laws, regulations, policies, procedures, and the Bank's Code of Ethics and Professional Conduct, while being protected from retaliation.

## **21. ANTI BRIBERY AND CORRUPTION (ABC)**

21.1. The Group's aim is to combat corruption and bribery and has developed an ABC policy for that purpose. The policy aims to promote high standards of integrity by staff and other relevant stakeholders.

## **22. CONTROL FUNCTIONS**

- 22.1.** The Bank, via relevant Board committees, ensures that control functions (including Risk Management, Compliance and Internal Audit):
- 22.1.1.** Are independent, have the necessary stature, have access and report to the relevant board committee, and have their Head's remuneration determined by said committee.
- 22.1.2.** Have adequate resources in terms of number and qualifications of the staff and in terms of IT tools (MIS, models, systems, etc.).

## **23. REMUNERATION POLICY**

- 23.1. The Group adopts a Remuneration Policy whereby:
- 23.1.1. Compensation is based on a clear and transparent performance evaluation process.
- 23.1.2. The various categories of staff, especially material risk takers, control functions, and seniors are identified.

- 23.1.3. Compensation of control functions is independent of the business areas they oversee.
- 23.1.4. Compensation is adjusted for risks.
- 23.1.5. Compensation is a function of the contribution of the staff member and the business line to performance. Bonuses are reduced or cancelled in case of poor performance by the business or the Bank.
- 23.1.6. For senior employees and material risk takers, a substantial portion of compensation is variable. The Board approves the compensation of both senior employees (determined as salary and/or bonus above certain numerical threshold) and employees that report directly to the Chairman and/or CEO.
- 23.1.7. A portion of variable compensation should be deferred to account for the time horizon of risks, especially for senior employees.

#### **24. DISCLOSURE POLICY**

- 24.1. The Bank aims at maintaining transparency and adequate disclosure to all stakeholders in a timely manner. Relevant information are published in the Bank's annual report and on its website, in addition to maintaining adequate communication channels as needed.
- 24.2. Disclosures include: (i) Major shareholders and beneficial owners with total direct and indirect ownership above 5%; (ii) Board members names, qualifications, and tenure; (iii) Organization chart; (iv) Senior management names and qualifications; (v) Disclosure related to the financial statements as per international accounting standards; (vi) A summary of the Corporate Governance framework; (vii) Information about the number of board meetings held and the attendance of each member; board committees membership, number of meetings held, and attendance of each member; and (viii) A summary of the main components of the performance evaluation and remuneration policy.
- 24.3. Public statements are handled by the Chairperson or the CEO.

#### **25. GROUP-WIDE FRAMEWORK**

- 25.1 Bankmed Group adopts a group-wide approach in terms of governance, oversight, policies, and controls.
- 25.2 The Board sets group-wide strategies and risk appetite framework.
- 25.3 The Affiliates should apply the same governance principles, control frameworks, and policies as the Parent, except where local regulations or proportionality issues require otherwise, in which case the proposed alternatives should be escalated by the Affiliate to the Parent, and should be aligned with the Group's corporate governance framework, policies, culture, and risk appetite.
- 25.4 The Board and Board committees of the Parent exercise oversight at group level including all Affiliates, while respecting the local regulations and responsibilities in each Affiliate.
- 25.5 For the main functions and business lines there is a functional reporting line between the Affiliates and the Parent.
- 25.6 Senior Management of the Parent plays an important coordination and oversight role with management at the Affiliates.

25.7 The Bank maintains a clear and updated Group organization chart approved by the Board showing the relation between the Bank and its Affiliates and sister companies.

25.8 The scope/mandate of the Parent's control functions (risk management, audit, compliance) is group-wide and covers all Affiliates. These control functions are responsible for developing the appropriate group-wide framework needed to enable them to fulfil their responsibilities across the Group. The framework should be documented, approved by the relevant Parent board committee, and shared with the Affiliates. It should include (as applicable):

25.8.1. Reporting line between the Affiliate and the Parent function, and adequate communication channels;

25.8.2. Adequate representation for the Parent on the relevant board committees of the Affiliate;

25.8.3. Effective regular reporting from the Affiliate to the Parent;

25.8.4. Clear determination of responsibilities of the Parent control function. These should include:

- 1) Verifying adequate resources at the Affiliate;
- 2) Sharing Group policies and guidelines to be adopted and adapted by the Affiliates;
- 3) Rolling out Group models, applications, methodologies to be adopted by the Affiliates;
- 4) Providing technical support and training to Affiliates;
- 5) Determining the required reporting from Affiliates to Parent (including content, template, frequency, etc.);
- 6) Verifying Affiliates' compliance with group policies and guidelines;
- 7) Performing onsite visits to the Affiliates for testing, quality assurance, training, etc.
- 8) Reporting to the relevant Parent board risk committee about each Affiliate and providing a consolidated view.

25.8.5. Clear determination of the responsibilities of the Affiliate control function. These should include adopting and adapting group policies, guidelines, and models; and regular reporting to the Parent.

## **26. SENIORITY OF PROVISIONS**

26.1. These Guidelines should be read in conjunction with the Bank's Articles of Association which include additional requirements regarding the responsibilities and functioning of the Board.

26.2. In case of conflict between the provisions of these Guidelines and any mandatory provisions of Lebanese laws and regulations or the Bank's Articles of Association, the provisions of Lebanese laws and regulations or the Bank's Articles of Association (as the case maybe) shall prevail.

**27. APPROVAL AND REVIEW OF THE GUIDLINES**

- 27.1. The Board shall approve these Guidelines and any future amendments, upon the recommendations of the Corporate Governance and Nomination Committee.
- 27.2. The Corporate Governance and Nomination Committee shall review these Guidelines at least annually and as needed, and shall recommend to the Board any proposed amendments for approval.
- 27.3. The updated and approved original Guidelines are kept under the custody of the Group Corporate Secretary.

## **APPENDIX A – CORPORATE GOVERNANCE FRAMEWORK KEY POLICIES AND PROCEDURES**

The Bank's corporate governance framework includes, but is not limited to, the following key policies, procedures, guidelines, and charters:

1. Corporate Governance Guidelines
2. Board Committees Charters
3. Board Succession Plan
4. Related Party Transactions & Conflict of Interest Policy
5. Code of Ethics and Professional Conduct
6. Whistleblowing Policy and Procedures
7. Board and Committees Self-Assessment Methodology
8. Remuneration & Performance evaluation Policy
9. Anti-Bribery and Corruption Policy