



CENTRAL BANK OF IRAQ (CBI)

ESG Scorecard Report for the Iraqi Banks



البنك المركزي العراقي

2024

CENTRAL BANK OF IRAQ (CBI)

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Forward

In continuation to this bank's efforts to urge the banking sector to implement environmental, social, and institutional governance practices and in continuation to this bank's supervisory role to follow-up the banking sector's compliance with these requirements, and assess the extent of implementation progress, this report was prepared aiming at providing an objective study of the environmental, social, and institutional governance practices regarding the Iraqi banking sector during the period (2021-2022). It also aims at creating a baseline through which banks can build and improve the environmental, social, and governance practices to reach a sustainable banking and financing system in Iraq.

The standards and guidelines used as benchmarks in ESG card include Governance Principles of the Organization for Economic Co-operation and Development (G20/OECD). Also, various ESG standards, and reporting guidelines including the UN Principles for Responsible Investment (UN PRI), EU legislation, International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), International Sustainability Standards Board (ISSB), the climate-specific guidance from the Task Force of Financial Stability Board (FSB) that is concerned with the climate- Disclosures (TCFD), and others.

The International Organization of Securities Commissions (IOSCO), and Basel Committee on Banking Supervision (BCBS) support this fast-growing area, as they have issued a guidance on climate reporting. As well as, the International Finance Corporation (IFC) has developed performance standards, and materials supporting environmental, social, and institutional governance progress.

CBI presented sustainability principles for banks in Annex No. (1) Of institutional governance guide for Banks issued in 2018, as a result of its understanding regarding the important shift in financial markets and increased interest in sustainability issues (environmental, social and Institutional governance standards). It is expected that banks will include ESG practices in its strategies and operations. In the same context, work is currently underway on a draft roadmap for financial sustainability that will be launched in early 2024.

Adopting the best environmental, social, and institutional governance practices represents a necessary requirement during the coming period, since the general inclination of global markets push towards this move. The document issued by Basel Committee may be indicated as the most prominent one concerning dealing with risks related to climate and the environment, the matter that require banks to develop their policies and procedures in line with these trends.

Governor of the Iraqi Central Bank

Ali Mohsen Ismael

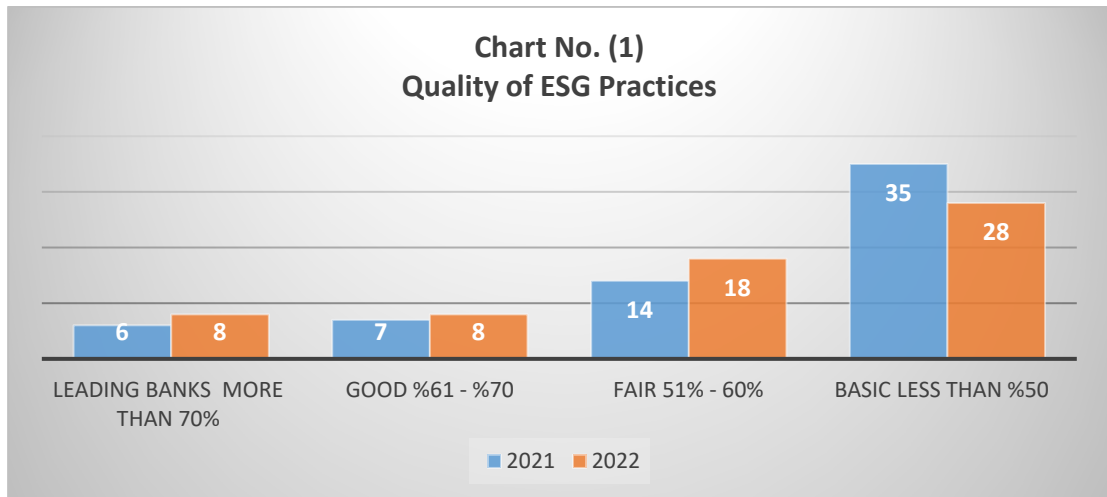
2. Executive Summary



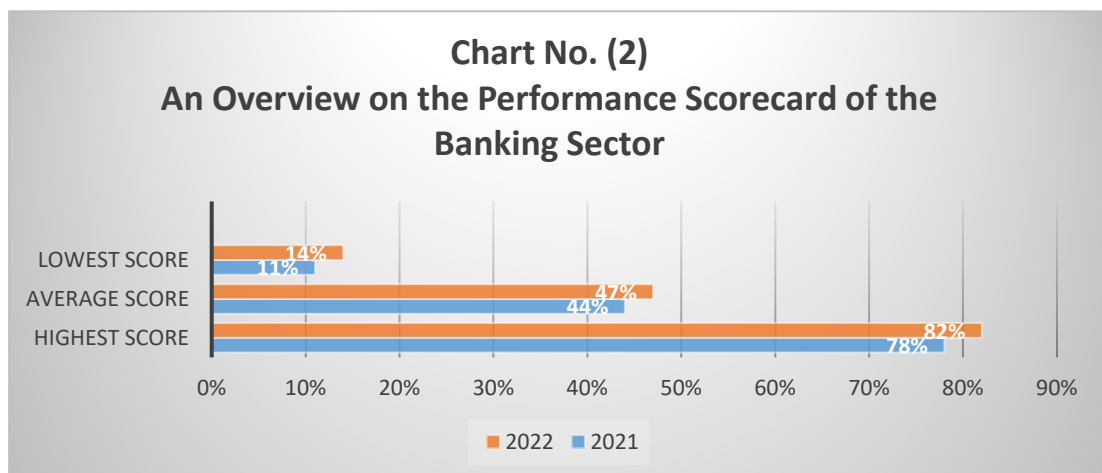
In 2022, the first report on results of the scorecard for environmental, social, and institutional governance standards for the Iraqi banking sector was launched. This report showed the analysis of banks' answers to the questions of the scorecard's parts. Accordingly, in continuation of CBI's efforts, this report was prepared, as it deals with measuring the performance of environmental, social, and institutional governance practices in the Iraqi banking sector during (2021- 2022).

The results of the scorecard (figure No. (1)) indicate that (6) banks out of (62) banks in this assessment represent the "leading Iraqi banks," as they achieved an ESG score higher than (70%) in 2021. While the results of the assessment in 2022 indicated that (8) banks of (62) are included in this category. Despite of being leading banks, yet they will have to constantly review and improve their environmental, social, and institutional governance policies and practices, like all other banks. As, this field is a rapidly developing, so that through every day, and week will witness new global developments in (ESG).

(7) Banks of total of (62) banks achieved a score ranging between (61% and 70%) according to the data of 2021. This number reached (8) banks in 2022, which are indicated as banks with good environmental, social, and institutional governance policies and practices. Whereas (14) banks were classified out of (62) banks as having a "fairs" level of implementation of environmental, social, and institutional governance standards based on the data of 2021. As these banks recorded a score ranging between (51% to 60%). While (18) banks were included in this category based on data of 2022. There were (35) banks out of (62) banks that constitute (56.4%) of banks subject to the test, which recorded a score of (50% or less) in terms of adopting ESG practices according to data of 2021. Whereas the performance of banks improved somewhat in 2022, as the number of banks within this category reached (28) banks, which constituted (45.1%) of the banks that are subject to test. Whereas (6) state-owned banks out of (7) banks are listed under the level of "basic" performance category. Therefore, there is an urgent need to improve ESG practices in the Iraqi banking sector.



In light of calculating banks' results, the highest score was (78%) according to the results of 2021, while the highest score reached (82%) according to data of 2022. The lowest score was (11%) according to data of 2021. While the lowest score in 2022 was (14%) and the average score recorded (44%) according to 2021. Whereas the average score reached (47%) according to the data of 2022. It indicates that policies and environmental, social, and institutional governance practices are implemented at a very basic level, which need further improvement. Figure No. (2) Shows an overview on the general level of the banking sector during (2021 – 2022).



3. Overview

ESG Standards are defined as a set of environmental, social, and institutional governance considerations that companies must consider when managing their operations. As well as when investors are conducting investments, in relation to relevant risks, impacts and opportunities, e.g. but not limited to.



Environmental Issues



Changes that might occur in the natural, or physical environment, whether they were as a potential, or actual risk (such as prevention of, or control of pollution, impacts on biodiversity and ecosystems, carbon emissions, climate change mitigation and adaptation, protection, and use of natural resources, including water and marine resources).

Social issues



Impacts that might be reflected on a local community and employees as individuals (including, but not limited to, labor relations, health & safety issues, human rights, including the chain of operations, activities with customers and the community, and diversity operations and financial inclusion).

Institutional Governance

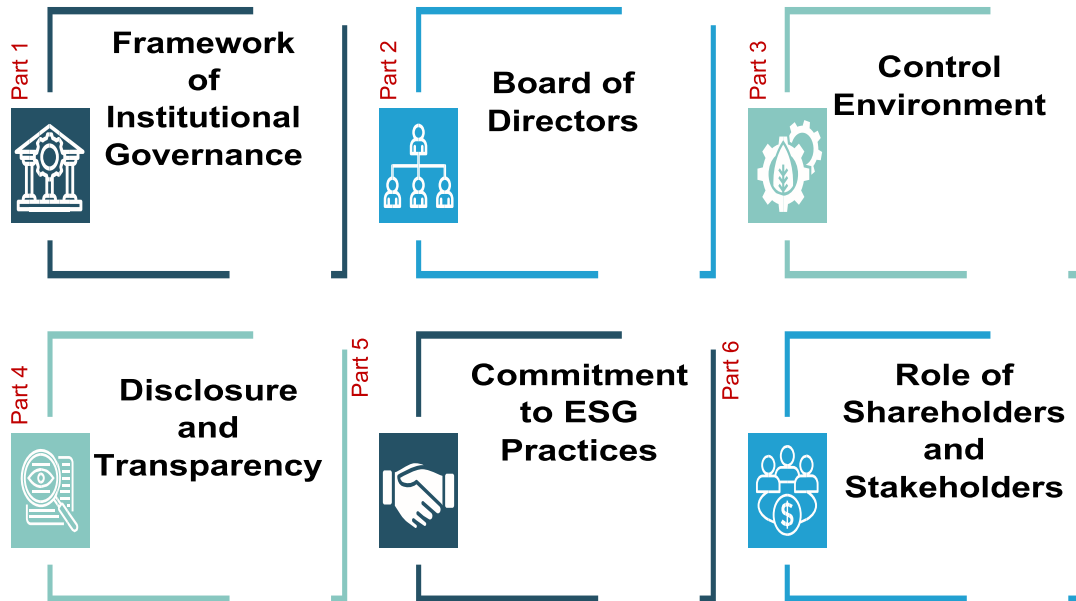


It comprises the Institutional governance structures and processes by which organizations are directed and monitored (e.g., board structure and diversity, ethical conduct, risk management, disclosure, and transparency) including the governance of key environmental, social procedures and policies. They are sometimes more advanced within an entity; however, they need more attention to provide a comprehensive and effective approach to implement the ESG standards.

There are several approaches to assess (ESG), so the scorecard represents a tool to assess progress of environmental, social, and institutional governance practices. There are several standards for assisting organizations to assess and manage these standards, including, but not limited to, the standards issued by (TCFD, PRI, GRI, IFC, SSE, and ISSB). There are some standards specialized for climate change.

Main Parts of Performance Scorecard, and the Method for Calculating Scores

Questions of the scorecard focused on six main areas of environmental, social, and institutional governance practices, which were adopted by the institutional governance guide for Banks that was issued by CBI in 2018 (called throughout this report the “Guide” or “Corporate Governance Guide”) and other practices that are considered globally accepted practices. Specifically, the areas are:



Regarding the scorecard issued by CBI, it was decided that weighting should not be applied to categories or groups of questions and that the relative importance of the areas will be reflected in the number of questions in each part.

Banks were classified individually according to the answers sent by banks to CBI, and a maximum of two points were allocated for each question. Each part had a different number of questions that addressed relevant issues related to it.

Table No. (1) Shows number of questions and categories agreed upon.

Part	Category	Number of Questions
١	Framework of Institutional Governance and Commitment	٦
٢	Board of Directors	* ٣٠/٢٢
٣	Control Environment	١٨
٤	Disclosure and Transparency	٢١
٥	Commitment to ESG Practices	١١
٦	Role of Shareholders and Stakeholders	* ١٢
		87/98

Islamic banks applying Sharia law and having a Sharia law board responded to an additional eight questions in part 2 that are specifically related to Sharia law duties as expressed in Article (10) of The Guide. State-owned banks were not required to respond to three questions in Part 6 (Questions 1, 2, and 3) as these questions are not applicable because state-owned banks have only one shareholder (Government). Scoring was adjusted to accommodate these exceptional cases.

The assessment included many different aspects of banking procedures; these aspects are closely related to each other, which means that the question or used standard in one part of the assessment might be applicable in another one. The current scorecard focuses on the Corporate Governance Guide for Banks issued by CBI in 2018.

To ensure the veracity of responses to scorecard questions, senior signature from each bank was required. CEO of a private bank, Director General of a state-owned bank, and regional manager of foreign banks branches were required to verify the responses. Each one of them was also responsible for leading in-bank work teams and responsible for providing responses to the scorecard. The senior management of each bank confirmed that the scorecard answers accurately reflect bank's position on environmental, social, and corporate governance practices.

Banks are classified into (4) categories (leaders, good, fair, and basic), as the following:



Number of banks that were subject to the second and third actual tests reached 62 banks.

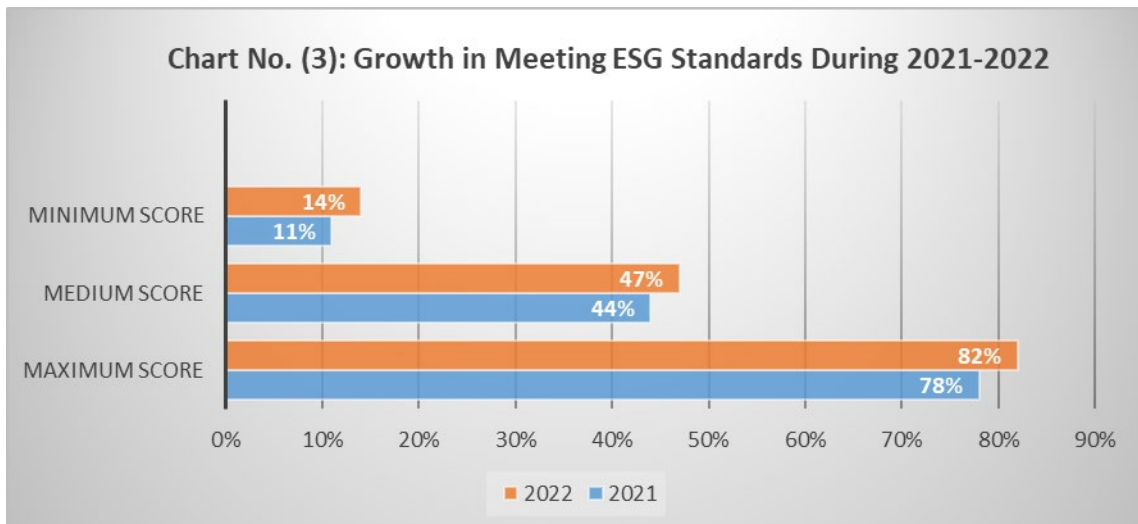
The CBI has included key sustainability aspects and ESG standards in its scorecard, so this report includes a special effort to understand the sustainability stance and ESG factors in the Iraqi banking system, especially in relation to climate change, diversity, and inclusion.

Adapting to sustainability principles and global demands to regulate and apply environmental, social, and corporate governance standards will impact every aspect of bank activities, including the board of directors and management activities, as it is a strategic issue.

4. Scorecard Question Results.

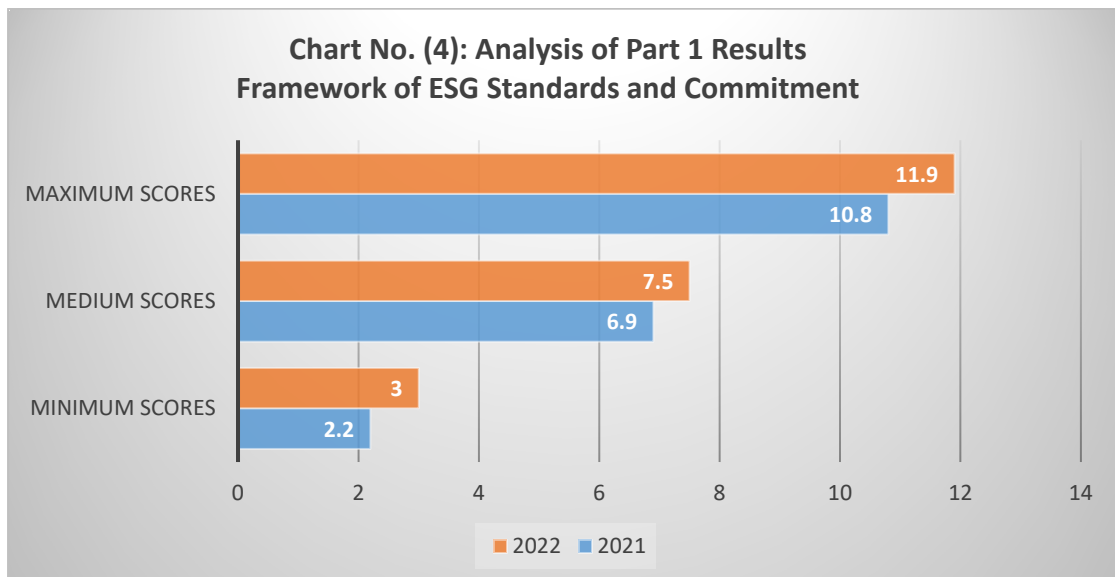
The scorecard is designed to ask key questions at a high level to distinguish policies from practical implementation activities. Generally, in the Iraqi banking sector there may be a policy in place that is understood, but the practical and more detailed interpretation of policies is less effective and less clear in application, making the policies less effective. Specific areas of interest vary from one bank to another.

The final percentages for the banking sector scores ranged (from 11% to 78%), with an average of (44%) according to the data of 2021, which represents an overall level lower than the basic level. While the results of the 2022 data showed a slight improvement, as the final scores ranged (from 14% to 82%) and on an average of (47%), which requires more efforts and improvement of banks' policies and procedures related to environmental, social, and corporate governance standards, as shown in Chart No. (3)



Part 1 - Framework of ESG Standards and Commitment

The first part includes general and high-level questions about governance framework. The number of questions related to this part is (6) questions, and the total score is (12) scores. When analyzing bank's answers, it was found that the general average reached (6.9) scores for this part according to data of 2021, While the overall average reached (7.5) scores in 2022. It indicates an improvement in meeting the requirements of (ESG) standards, as the best result achieved was (10.8) scores, and the lowest scores was (2.2) according to data of 2021. In 2022, results witnessed a slight improvement, as the best result achieved in the first part reached (11.9) scores and the lowest score reached (3), as shown in Chart No. (4).

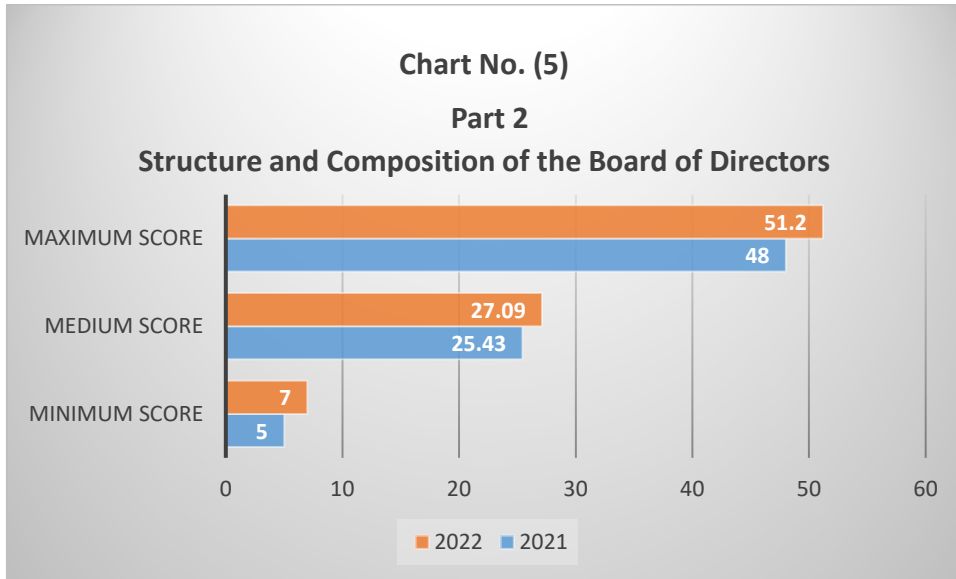


Part 2 - Structure and Composition of the Board of Directors



The second part includes general and high-level questions about the structure and composition of the Board of Directors and the committees emanating from it. Total scores for the questions in this part is (44) scores for commercial banks and (60) scores for Islamic banks. When analyzing bank's answers, it was found that the general average was (25.4) scores according to data for 2021, while it reached (27.09%) scores in 2022. It indicates a remarkable improvement in meeting the requirements of this framework. The best result achieved in part 2 was (48) scores and the lowest score was (5) according to data of 2021. In 2022, the results witnessed a slight

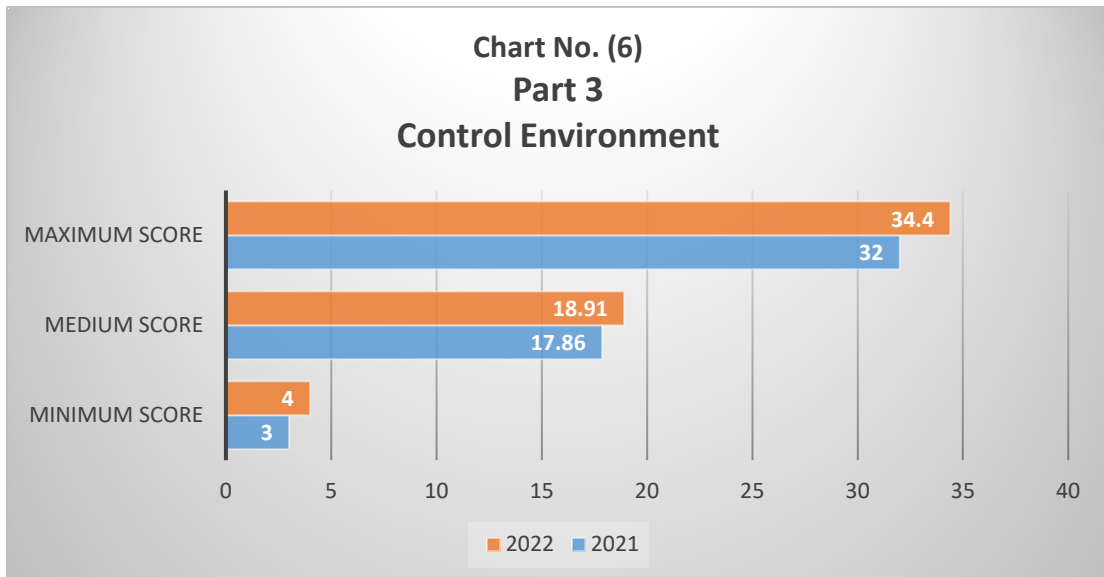
improvement, as the best result achieved in the first part reached (51.2) scores, while the lowest reached (7) scores, as shown in Chart No. (5).



Part 3 - Control Environment



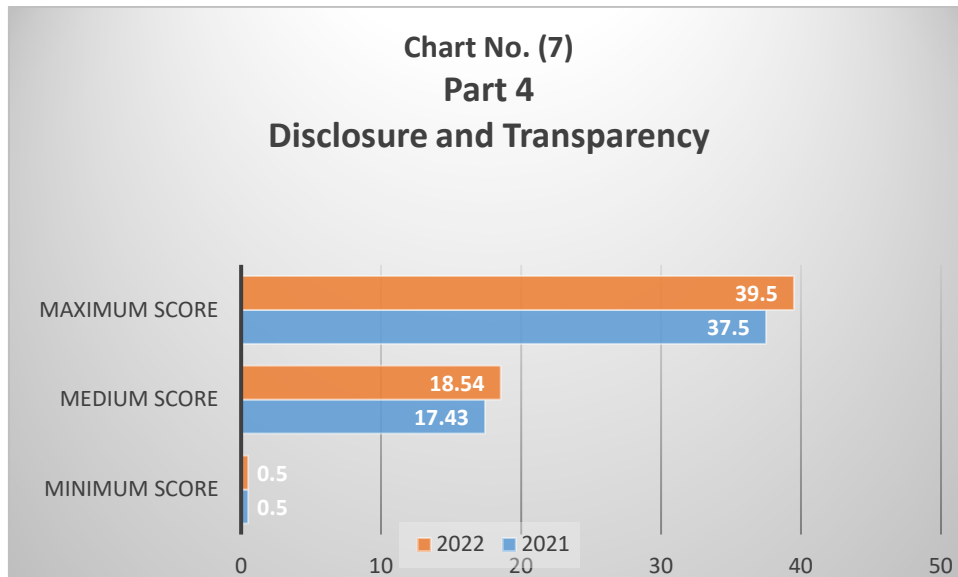
The third part includes general and high-level questions about the control environment, the role of control departments in banks, and the committees emanating from the executive management. The total score for the questions in this part is (36) scores. When analyzing bank's answers, it was found that the general average reached (17.86%) scores according to data for 2021, while the general average reached (18.91%) scores in 2022. It indicates a slight improvement in meeting the requirements of this framework. The best result achieved in the second part was (32) scores and the lowest score was (3) according to data of 2021. In 2022, the results witnessed a slight improvement, as the best score achieved reached (34.4) scores and the lowest score reached (4), as shown in Chart No. (6).



Part 4 - Disclosure and Transparency



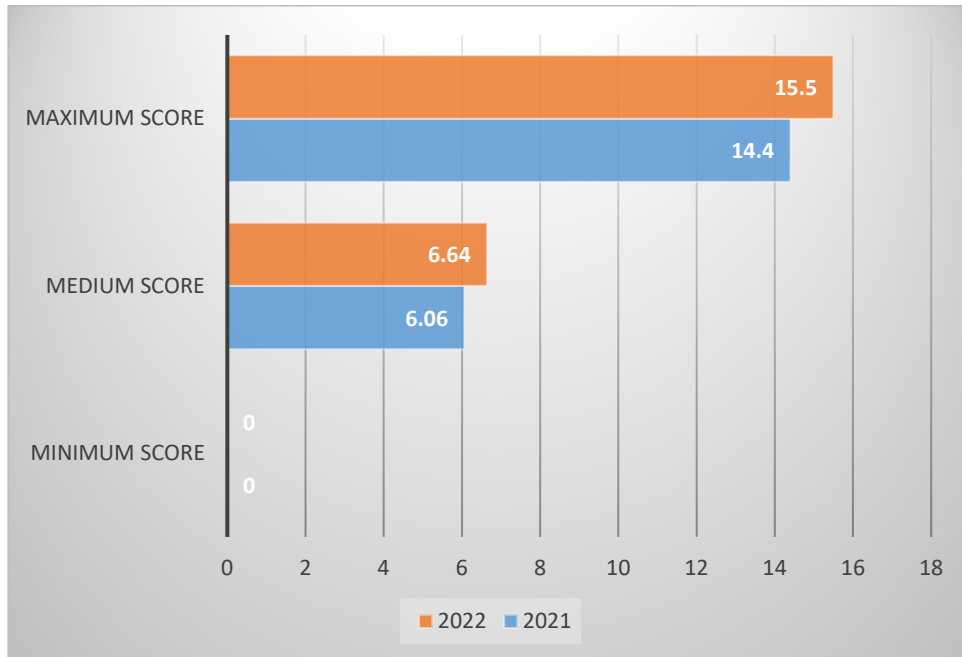
Transparency and disclosure are essential elements for an effective framework for working ESG standards because they provide the basis for making decisions based on adequate knowledge from shareholders, stakeholders, and potential investors regarding capital allocation, corporate transactions, and monitoring financial performance. The fourth part includes general and high-level questions about disclosure & transparency and focuses on the quality of banks' annual reports and the information reviewed through them. Total score for the questions in this part is (42) scores. When analyzing bank's answers, it was found that the general average reached (17.43%) scores according to data of 2021, while it reached (18.54%) scores in 2022. It indicates a slight improvement in meeting the requirements of this framework. The best result achieved in the second part was (37.5) scores, while the lowest score was (0.5) according to data of 2021. However, in 2022, results witnessed a slight improvement, as the best result achieved (39.5); scores and the lowest score was (0.5), as shown in Chart No. (7).



Part 5 - Commitment to Environmental, Social, and Governance (ESG) Standards

The fifth part includes questions that discuss the extent of banks' commitment to environmental & social standards and measuring the extent of their application to bank policies, activities, and operations. It consists of (11) questions and total score is (22) scores. When analyzing bank's answers, it was found that the general average reached (6.06%) scores according to data of 2021, while it reached (6.64%) scores in 2022. It indicates a very small improvement in meeting this framework requirements. The best result achieved in the fifth part reached (14.4) scores and the lowest score was (0) according to data of 2021, while results witnessed a slight improvement in 2022, as the best result achieved reached (15.5) scores and the lowest score reached (0), as shown in chart No. (8).

It is worth mentioning that integrated reporting on environmental & social practices is relatively new and is currently the subject of intense global attention, the matter that requires improving these aspects of banks in order to improve results during the coming period.

Chart No. (8)**Part 5****Commitment to Environmental, Social and Governance (ESG) Standards**

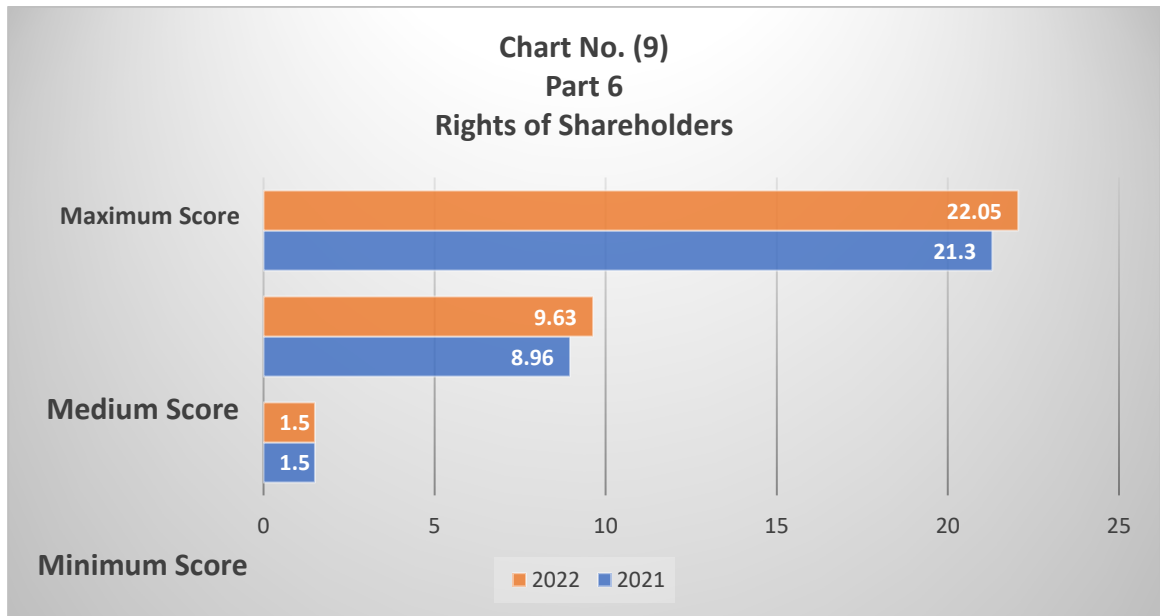
Part 6 - Role of Shareholders and Stakeholders

The sixth part includes questions that discuss the rights of shareholders and stakeholders and their role in banks. It consists of (12) questions and total score is (24). When analyzing bank's answers, it was found that the general average reached (8.96%) scores according to data of 2021, while it reached (9.63%) scores in 2022. It indicates a very small improvement in meeting this framework requirements. The best result achieved in the fifth part reached (21.3) scores and the lowest score reached (1.5) according to 2021 data, while results witnessed a slight improvement in 2022, as the best achieved result reached (22.05) scores and the lowest score reached (1.5), as shown in chart No. (9).

It is worth mentioning that state-owned banks are not covered by three questions of this part, as they are wholly state-owned.

In general, banks explained the positive measures they have taken to establish and maintain good relations with shareholders, depositors, and borrowers. As well as CBI had taken a decision at the end of 2022 that direct banks to develop an administrative formation concerned with shareholders' issues entitled (Shareholders Relations). It included a number of procedures that are consistent with the provisions contained in the corporate governance guide for banks. The most prominent of which are (determine a mechanism for receiving incoming suggestions, inquiries or complaints from bank's shareholders and provide the necessary data to bank's shareholders according to their request to enable them to exercise their rights.





5. Summary Results – ESG Quality in Iraqi Banks

Banks are classified into (4) categories according to the following figure:

Iraqi bank level

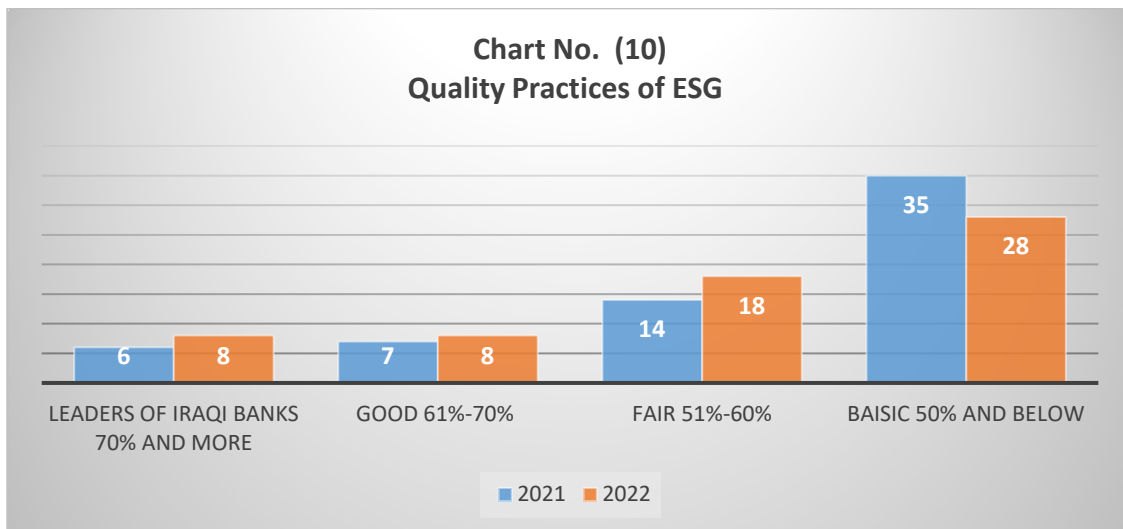
Leader	Good	Fair	Basic
If a bank achieves a result above 70%	If a bank achieves a result between 61% and 70%	If a bank achieves a result between 51% and 60%	Improvement is required if a bank achieves a result of 50% or below

The results of performance scorecard indicate that (6) banks out of (62) banks in this assessment may be considered as "Leaders Iraqi Banks" as they achieved ESG score of above (70%) in 2021, while the results of the assessment in 2022 indicated an increase in the number within this category,

Reaching (8) banks out of (62) banks. Even though these banks are considered, as Leaders of Iraqi Bank, they, will have to, like all other banks, constantly review and improve ESG policies and practices. It is a field that is evolving fast, as each day and week bear new global developments regarding ESG to keep aligned with.

(7) Banks of total of (62) banks achieved a score ranging between (61% and 70%) according to the data of 2021. This number reached (8) banks in 2022, which are indicated as banks with good environmental, social, and institutional governance policies and practices. Whereas (14) banks were classified out of (62) banks as having a "fairs" level of implementation of

environmental, social, and institutional governance standards based on the data of 2021. As these banks recorded a score ranging between (51% to 60%). While (18) banks were included in this category based on data of 2022. There were (35) banks out of (62) banks that constitute (56.4%) of banks subject to the test, which recorded a score of (50% or less) in terms of adopting ESG practices according to data of 2021. Whereas the performance of banks improved somewhat in 2022, as the number of banks within this category reached (28) banks, which constituted (45.1%) of the banks that are subject to test. Whereas (6) state-owned banks out of (7) banks are listed under the level of “basic” performance category. Therefore, there is an urgent need to improve ESG practices in the Iraqi banking sector



It is worth mentioning that considerations related to environmental and social standards are recently applied to the banking sector, as the results indicate that there is a great opportunity for improvement by enhancing and improving the strengths, represented by the procedures of leading banks and working to address the weaknesses of banks in other categories. As they will deal with under the supervision of the Central Bank of Iraq team.



6. Recommendations

The main CBI recommendation is to enhance the effectiveness of the boards of directors of banks in line with the requirements of corporate governance and environmental and social standards, work to improve aspects of disclosure and transparency, enhance the integration of environmental and social considerations into bank's activities and operations, as well as protect shareholders' rights. Considering the above mentioned, elements contained in banks' action plan may include the following areas:

- a) Strengthen the scorecard teamwork of each bank.
- b) Improve disclosure process in terms of internal and external review of information.
- c) Develop the strategic plan and define indicators for the requirements of the scorecard for standards of environmental, social, and corporate governance (ESG).
- d) Develop and build capabilities of Board members through training courses and workshops in the field of corporate governance.
- e) Enhance the outputs of “Nominating and Remuneration Committee” emanating from Board of Directors, in a manner that ensures the attraction of qualified cadres for candidates to (Board of Directors) and the (Executive Management) in line with the requirements of Governance Guide.
- f) Improving the work of committees emanating from the Board of Directors to ensure that they meet the requirements mentioned in Corporate Governance Guide.
- g) Improve disclosure processes via the annual report by considering the requirements issued by this bank.
- h) Integrate environmental and social considerations into Bank's policies and operations, particularly regarding operations of providing credit, products, and banking services.

V. Appendices

Appendix A – CBI Sustainability Principles

S N	Principles	Provisions
1	Business Activities: Management of Banking and Environmental Risk	Merge the social and environmental considerations in the decision-making process with regards to the Bank activities to avoid, mitigate, or compensate the adverse effects.
2	Commercial Processes: Environment and Social Print	Avoid, mitigate, or compensate the adverse effects of the Bank processes on the local and environmental communities in which they work and as much as possible to boost the positive effects.
3	Human Rights	Respect human rights in all the processes and activities of the Bank.
4	Women Economic Enablement	Enhance the economic enablement for women through the work place culture so as to include both males and females in the Bank operations and seeking to find new products and services specially designed for women through the commercial activities.
5	Financial Inclusion	Seeking to provide financial services for individuals and communities, which are traditional, with limited reach or cannot reach to the official financial sector.
6	Governance	Applying strong and transparent governance practices in the Bank.
7	Building Capacities	Develop the individual and sector corporates necessary to specify the social and environment risk management, the business-related opportunities and the commercial processes.
8	Cooperative Partnerships	Cooperating with all sectors and making use of the international partnerships to pace up the social progress and enhance the sector as a one whole to ensure the corporate vision matches the international standards and the requirements of local development.
9	Reports	Regularly previewing and reviewing the reports on progress to meet the principles hereof at the individually and all over the entire sector.

Appendix B – CBI Corporate Governance Guide for Banks 2018, p9**4-2 Terms and Conditions for the Independence of Board Members:**

- 4-2-1** A Board Member may not be a partner or employee at the Bank's Independent Auditor over the last three years before being elected as a Board Member and may not be related by blood to the partner in charge of auditing. (Mandatory)
- 4-2-2** A Board Member may not be a lawyer or a legal consultant of the Bank or an auditor for the Bank. (Mandatory)
- 4-2-3** Neither a Board Member, nor any of the companies in which he is a board Member, owner or main shareholder, may be allowed to have credit facilities from the Bank of more than 5% of the Bank Capital, and may not be a guarantor for a credit facility obtained from the Bank in the aforementioned percentage. (Mandatory)
- 4-2-4** A Board Member may not be a Member in the boards of more than five stock joint or public companies whether in his personal capacity or in his capacity as a representative of a legal entity. (Mandatory)
- 4-2-5** A Board Member may not be an administrative officer, employee or authorized manager in any other bank. (Mandatory)
- 4-2-6** A Board Member may not be a Bank employee or any of the Related Persons to him over the preceding three years. (Mandatory)
- 4-2-7** A Board Member may not be a relative to any of the Board Members or the Senior Management or any of the Related Persons to them until the fourth degree. (Mandatory)
- 4-2-8** Neither a Board Member nor a his/her representative may be a main Shareholder in the Bank. (Mandatory)
- 4-2-9** A Board Member may not directly or indirectly own (including the proprietorship of the family Members of Shareholders or the Related Persons) more than 5% of any company of any types. (Mandatory)

Appendix C – Scorecard Questions

Question Number	Question
Part 1: Governance Framework and Commitment	
P1 Q1	Has the board established a good corporate governance framework?
P1 Q2	Has the board ensured that all directors, CEO and management are fully aware of the requirements of the CBI CG Guide?
P1 Q3	Has the board ensured that all directors, CEO and management are fully aware of the requirements of the CBI CG Guide?
P1 Q4	Does the bank's CG Code or Core Values distinguish clearly the role of the board from that of management and of shareholders?
P1 Q5	Has the board issued a written statement of bank 'core values' stating clear responsibility and accountability for all bank activities, including culture, integrity and professional behavior?
P1 Q6	Does the bank strategy and activities promote long-term sustainability of the bank?
Part 2: Board Structure and Composition	
P2 Q1	Is the bank board composed in accordance with the CG Guide provisions?
P2 Q2	Is the board sufficiently independent and diverse in its composition?
P2 Q3	Are all independent directors identified and meet the requirements of the CG Guide?
P2 Q4	Has the board adopted and applied clear guidelines limiting the number of board positions each director may hold at any one time?
P2 Q5	Do bank documents distinguish the role of the board from the role of management in line with Code requirements?
P2 Q6	Has the board published its vision, mission, strategies and objectives?
P2 Q7	Do bank documents indicate the board's role in developing, approving, and monitoring a sustainable, long-term strategy?
P2 Q8	Has the board established a risk management framework, which it monitors, including stating the risk appetite for the bank?
P2 Q9	Is there evidence of positive actions by the board and management to see that the core values are embedded into the bank's activities?
P2 Q10	Does the board recognize its responsibility for bank reputation, control, and compliance with all applicable relevant laws, regulations, guidance, and internal policies?

P2 Q11	Does the board ensure compliance with international standards in all bank activities and operations?
P2 Q12	Does the board have a succession plan in place for senior managers of the bank, for the board itself, and for board committees?
P2 Q13	Are all board committees governed by a written charter/terms of reference, disclosing their mandate, authority, duties, composition, leadership, and working processes and relationship to the board?
P2 Q14	Does the bank have at least four board committees as required Corporate Governance Guide?
P2 Q 15	Is the Auditing Committee comprised only of independent directors, who are financially literate and which is led by a financial expert?
P2 Q 16	Does the Auditing Committee mandate include all elements of duties and responsibilities laid down in Art 12.3.3 all?
P2 Q17	Does the Nomination and Remuneration Committee recommend the remuneration policy to the board, which is in line with achievement of long- term objectives of the bank, and supervise its implementation by management?
P2 Q18	Is the board supported in its activities by a Bank Secretary who is legally and professionally qualified as a Bank Secretary?
P2 Q19	Does the Bank Secretary provide the induction of new directors and ensures quality information is provided to the board?
P2 Q20	Are the roles of Chairman and the CEO (Executive Director) separate and filled by two individuals?
P2 Q21	Does the Board ensure that executive management accesses daily the official website of the Anti-Money Laundering and Terrorist Financing Office?
P2 Q22	Does the board undertake an evaluation of itself at least annually and which leads to an action plan for improvement, including plans for training and development of board members?
P2 Q23	Does the Sharia committee meet with the Sharia internal auditor and external audit to discuss issues of current concern (and their reports) and report to the board?
P2 Q24	Were the bank's operations and activities reviewed and did you express an opinion to the CEO on the transactions and contracts carried out by the bank?
P2 Q25	Does the Sharia committee carry out the tasks and rules that are required of it?
P2 Q26	Does the Bank adhere to the principles and provisions of Sharia law? And does the Sharia committee certify it?
P2 Q27	Does the Sharia committee have a secretary who performs all the tasks mentioned in the Governance Code?

P2 Q28	Do the Sharia committee members comply with the requirements for education, qualification, and other membership requirements as stated in the Governance Code?
P2 Q29	Are the Chairman and members of the Sharia committee independent are required by the Code.
P2 Q30	Does the internal audit function review Sharia products and services and apply Sharia Internal Auditing according to the Guidelines?

Part 3: Control Environment

P3 Q1	Has the board adopted formal, written policies and procedures to manage conflicts of interest, including requiring disclosure in writing of interests of directors and senior managers?
P3 Q2	Has the board adopted a policy and procedures for related party transactions, (RPTs) including specific rules for RPTs disclosures and review by the Auditing Committee?
P3 Q3	Has the board established a Code of Conduct applicable by directors and employees which includes policies requiring confidentiality of the information and which shows acceptable and unacceptable behaviors?
P3 Q4	Has the board established an internal audit function which is well and appropriately resourced and which reports directly to the Auditing Committee of the board?
P3 Q5	Does the internal audit function have an Audit Committee approved annual plan?
P3 Q6	Do internal audit activities include testing of the effectiveness of internal controls and checking adherence to anti-money laundering and terrorist financing laws?
P3 Q7	Do the shareholders or the board appoint, dismiss the external auditor through a formal and transparent process on the recommendation of the Audit Committee?
P3 Q8	Does the Audit Committee oversee the external auditor, ensure his independence and ensure his recommendations are implemented?
P3 Q9	Has the board established a risk management framework for the bank, which includes a risk appetite statement and three lines of defense structure?
P3 Q10	Does the bank management of risk include identification of key risks, foreseeable risks, and risks associated with environmental, social, and governance issues?
P3 Q11	Does the board investigate and act on breaches of acceptable risk levels, including regarding money laundering and funding of terrorist activities?
P3 Q12	Does the board have a role in stress testing?

P3 Q13	Does the board Risk Management Committee review the credit policy of the bank, supervise its implementation and ensure credit risk adheres to the decisions and guidance of the Basle Committee on Banking Supervision?
P3 Q14	Does the board conduct an annual review of the effectiveness of the bank's risk management practices and internal control systems and report this to shareholders?
P3 Q15	Does the board take steps to ensure that financial statements reflect actual bank performance?
P3 Q16	Does the bank have an independent compliance department, reporting directly to the Audit Committee or Risk Committee of the board, which issues policies and procedures to ensure compliance with laws and regulations?
P3 Q17	Has management established a Credit Committee, an Investment Committee, and an IT and Communications Committee and which meet regularly and report to the board on their activities to support bank control and supervision?

P3 Q18	Does the bank have in place policies and procedures for a 'whistleblowing' facility, which includes enabling employees to convey concerns about illegal and unethical practices, and which includes strong legal protections?
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Part 4: Transparency and Disclosure

P4 Q1	Does the board and the bank have policies and processes to ensure timely and balanced disclosure of all material financial and non-financial information as required by all laws, regulations, standards, and codes?
P4 Q2	Does the bank have a clear process to determine materiality of information?
P4 Q3	Does the board provide an Annual Report, a Governance Report and quarterly reports?
P4 Q4	Does the Annual Report include information on the bank organizational structure, including board committees and a report on their responsibilities and tasks undertaken in the recent year?
P4 Q5	Does the Annual Report disclose more than the minimum that is additional information, more than that required by the Corporate Governance Guide for Banks?
P4 Q6	Is the Annual Report published in Arabic and in English and also provided on the bank website?
P4 Q7	Does the Annual Report include a clear statement of the board and management's responsibility for development of the financial statements and adherence to most recent IFRS?
P4 Q8	Has your bank fully applied IFRS 9?
P4 Q9	Does the Annual Report include a clear statement of adherence to all CBI instructions?

P4 Q10	Does the Annual Report or the bank website include a separate corporate governance section that includes a recognition of board responsibility for the governance of the bank?
P4 Q11	Does the Annual Report provide all details on individual directors relating to skill sets and meeting attendance as stated in Article 23.6.5 and Article 23.6.7?
P4 Q13	Does the board regularly review and report on progress to meeting the Sustainability Principles?
P4 Q14	Does the Annual Report include information on the bank's goals, actions, and targets to reduce carbon emissions?
P4 Q15	Does the website provide current information on Financial Statements, a downloadable Annual Report, briefing materials provided to analysts, and minutes of the AGM?
P4 Q16	Does the bank website provide downloadable copies of the board Charter and Charters of all board committees; the bank Code of Conduct; the Whistleblowing Policy; Conflict of Interest policy?
P4 Q17	Does the Chairman ensure the CBI is continuously informed of important and material (positive and negative) matters?
P4 Q18	Does the Annual Report include a clear statement of names of shareholders owning 1% or more of shares and a statement of the name/identity of each ultimate beneficial shareholder owning 5% or more of bank shares?
P4 Q19	Does the bank publicly disclose the investor relations contact person, including telephone and email contacts?
P4 Q20	Does the bank disclose the recruitment approach for selection of board members, which includes use of institutions in the search process?
P4 Q21	Does the bank disclose to the public its bank-wide remuneration policy and criteria used for performance measurement for senior management?

Part 5: Commitment to ESG

P5 Q1	Does the bank disclose to the public its bank-wide remuneration policy and criteria used for performance measurement for senior management?
P5 Q2	Does the environmental and social policy of the bank require consideration of the customer's welfare and require interaction where it has branches?
P5 Q3	Does the bank include environmental and social factors in its lending policies and bank activities?
P5 Q4	Does the bank include environmental and social factors in its lending policies and bank activities?
P5 Q5	Does the bank have in place a grievance mechanism to ensure complaints from external parties and employees are raised and addressed (Illegal, ethical, and safety issues)?

P5 Q6	Has the bank introduced new products and services specially designed for women and small and medium-sized enterprises?
P5 Q7	Does the bank provide financial services and support to members of the community, traditionally with limited access to the official financial sector?
P5 Q8	Does the bank have an ESG officer or nominated person with expertise on E and S issues available to contribute to areas in which the bank lends?
P5 Q9	Does bank management consider the impact of climate change on the environment in its risk management and lending practices?
P5 Q10	Is the bank a member of any international or local network promoting E&S activities, frameworks, and reporting?
P5 Q11	Does the board take into account the interests of depositors, shareholders, and other relevant stakeholders, including employees, in its decision making?

Part 6: Role of Shareholders and Stakeholders

P6 Q1	What steps does the board take to identify key shareholders, understand their needs and ensure it communicates with shareholders and includes their needs in its decisions?
P6 Q2	Does the board ensure the bank provides all material information in a timely manner to shareholders to enable them to fully exercise their rights?
P6 Q3	Do shareholders have the right to participate and vote on amendments to the bank's constitution/articles and on the authorization of additional shares or sale or transfer of substantially all assets?
P6 Q4	Does the bank offer to shareholders additional rights, additional to the basic rights normally expected to protect shareholders?
P6 Q5	Does the board ensure all communications regarding the AGM encourage shareholders to participate and vote in the AGM resolutions?
P6 Q6	Does the bank release its notice of AGM and relevant papers and resolutions to be determined at least 30 days before the date of the meeting?
P6 Q7	Does the bank allow shareholders to vote in person as well as in absentia through secure electronic voting processes?
P6 Q8	Has the board adopted and published procedures for nomination and appointment of new board members?
P6 Q9	Does the board provide sufficient information to shareholders to enable their decision to elect a director?
P6 Q10	Does the bank allow small shareholders to elect one member to the board based on cumulative voting mechanism?
P6 Q11	Does the board ensure that shareholders and their needs are an important consideration in the bank's strategy?

P6 Q12

Does the bank comply with CBI regulations for policies and procedures for the protection of depositors and borrowers?

