



Emirates Islamic Bank PJSC
DIRECTORS' PERFORMANCE
EVALUATION POLICY

1. Purpose

The purpose of this policy is to set out the principles for the assessment of the Directors and to allow the Directors an opportunity to evaluate and discuss the Board's performance in line with such principles. The evaluation shall help the Board function at an optimal level and ensure continuous improvement in the manner in which the Board conducts its business. A periodic evaluation of the Board will lead to a better synergies amongst the Directors, greater efficiency in the use of the Board's time, and increased effectiveness of the Board as a governing body for the Bank.

2. Principles of Board assessments

- 2.1 The Board regularly assesses its performance to ensure that it is sufficiently diverse, and collectively has knowledge of all significant businesses of the Bank as well as an appropriate balance of skills, diversity and experience commensurate with the size, complexity and risk profile of the Bank. To achieve this, the Board must, amongst other things, ensure compliance with the applicable internal rules and overall regulations of the Bank.
- 2.2 The Board, as part of its commitment to monitor and improve its performance as well as to implement international best practices, has put in place a policy to assess and evaluate its own performance. In accordance with the procedures set out in the Corporate Governance Manual, the Fit and Proper Policy and the Charter, the Board conducts annual performance evaluations of the Board as a whole, Board Committees and individual Directors. The Bank will also appoint an external consultant to independently evaluate performance of the Board, Board Committees and individual Directors at least once every five (5) years. These evaluations assess the Board's contribution to the Bank's financial performance, its risk controls, its safety and soundness, as well as its effectiveness at various levels including: (i) overseeing and monitoring the Senior Management's performance and activities; (ii) the Bank's transparency and accountability to all Stakeholders (including depositors); and (iii) the Board's responsibilities as set out in the Corporate Governance Manual, the Fit and Proper Policy and the Charter.
- 2.3 The Board conducts its evaluations according to a formal structure described in this policy, and on an annual basis. The purpose is to not only analyze the performance of the Board on an historical basis, but also to provide a constructive and helpful basis to highlight those areas in which the Board may need to improve its activities as well as to identify and recognize areas in which it has demonstrated achievement and success. The Board considers the evaluation process to be an important tool for its development, and is involved in both its structuring as well as in a full review of its conclusions. The Board believes that a full, fair and well-managed evaluation process builds mutual trust between Directors, between the Board and Senior Management and between the Bank and its Stakeholders.
- 2.4 Although the evaluations are conducted on a confidential basis by the Board or by an independent third party (and the results are for the Board's review only), this policy and key outcomes and actions arising from the evaluations, are made public. This policy applies to Directors. It covers all aspects of work, transactions, activities and businesses.

3. Objectives

The evaluation of the Board, Board Committees and each Director shall include questions and criteria that are specified in the evaluation form.

4. Responsibility for the assessments

- 4.1 The Board assessment and its constituent parts fall under the responsibilities of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee considers the form, content and methodology of the assessment including:
 - (a) the extent of involvement of the Board Secretary;

- (b) whether to consult or engage the services of an external professional consultant/advisor to make recommendations and carry out part of or the entire evaluation;
 - (c) whether to use a questionnaire, individual interviews, alternate methodology(s) or a combination, to effectively probe the Director's and Senior Management's views on the performance of the Board; and
 - (d) whether to confine the questionnaires to Directors or invite the views of a wider audience, auditors, advisers, key Stakeholders and/or other invitees who have regular contact with Directors.
- 4.2 The Nomination and Remuneration Committee prepares a recommendation for the form and content of the evaluation. The evaluation is carried out under the supervision of the Nomination and Remuneration Committee and the results handled appropriately, according to the principles set out below.
- 4.3 To ensure an objective and rigorous process, the services of an external facilitator shall be considered at least once every five (5) years.
- 4.4 The Nomination and Remuneration Committee shall ensure that the evaluation is carried out efficiently and without being an unnecessary burden on Directors' time. They shall also ensure that the evaluation, while thorough and probing, is completely objective and impartial. The Nomination and Remuneration Committee shall be generally responsible for the evaluation process, however, where necessary, the Chairman shall communicate the results to individual Directors or handle particularly sensitive matters. The Nomination and Remuneration Committee and the Chairman may seek the Board Secretary's assistance with regards to the evaluation process and the Nomination and Remuneration Committee may delegate some of the evaluation process elements to the Board Secretary. The decisions and discussions of the Board are reviewed in light of the activities and performance of the Bank as a whole.
- 4.5 The conclusions of the evaluation shall be summarized in a report, comprising an evaluation of the Board as a whole, the Chairman and each Board Committee. The results of such assessments shall be presented to the Nomination and Remuneration Committee, which shall review the report and communicate its findings to the Board for appropriate discussion at the next Board meeting. The evaluation shall contain recommendations for action and shall be duly agreed upon and authorised at the Nomination and Remuneration Committee meeting.
- 4.6 The portions of the evaluation that relates to each Director, and especially the results of such individual assessments, shall be handled by the Chairman or Vice Chairman. The results of such individual evaluations are passed to the Chairman or Vice Chairman to review and determine how to communicate the results to individuals or to the Board as a whole, and the actions steps (if any) that should be taken. In all cases, opinions and points of view must be kept strictly confidential within the terms of the evaluation process that the Board or the Nomination and Remuneration Committee sets out.
- 4.7 The results of all evaluation processes shall be reviewed and considered by the Board. The purpose of such review is to assist the Board to implement the findings of the report, improve its work direction and focus, correct oversights and gaps in its functions, and thereby ensure that Directors act effectively and efficiently. Similarly, individual assessments are intended to improve individual Directors' contributions, and their conclusions may be directed at the individual him/herself to help him improve, or to highlight the areas where his/her peers on the Board consider him/her to be an especially valuable and constructive member of the Board.
- 4.8 Following the completion of the performance evaluation, the Chairman or the Nomination and Remuneration Committee shall review and consider the effectiveness of the process, after the fact, and may seek the contributions and views of the Directors. These findings shall then be considered in structuring the next evaluation to ensure that any areas of weakness or inefficiency are addressed, and to render the process more meaningful and constructive.

5. Other Feedback

In addition to the evaluation process, the Bank believes it is important to maintain a dialogue beyond formal Board meetings, between Directors, between individual Directors and the Chairman, and between Directors and management (especially within the structure of the specialist Board committees). Directors are welcome to, and are expected to, raise topics for discussion in Board meetings, and where appropriate raise topics of interest and concern with the Chairman or Vice Chairman and with the chairmen of the respective Board committees of which they are members. Directors have an opportunity during these interactions to provide feedback to other Directors as to whether these matters are being raised appropriately and whether their subsequent disposition is acceptable

6. Disclosure policies and practices for evaluations

The Bank will conduct formal evaluations of the Board, Board committees and individual Directors regularly, and has committed to disclose when it conducts such an evaluations, and the methodology used. Disclosure of Board evaluations will be made in the annual report, in the section devoted to corporate governance. Where an external evaluator is used, the annual report shall identify the external evaluator and state whether they have any other connection with the Bank. The annual report will also include progress of any key remedial actions taken since the last annual report. However, the detailed results of the assessments will remain confidential.

7. Review and administration of the policy

The Nomination and Remuneration Committee shall review this policy at least once every two years and recommend amendments, as appropriate, to the Board for approval.

This policy document must be revised should any of the above regulation requirements be amended or replaced.

8. Definitions

In this Policy: :

“Bank”	means Emirates Islamic PJSC;
“Board”	means the Board of Directors of the Bank;
“Central Bank”	means the Central Bank of the United Arab Emirates;
“Board Committee(s)”	means each committee established by the Board pursuant to its articles of association and the Charter;
“Charter”	means the Charter of the Board of Directors of the Bank (as updated from time to time);
“Chief Executive Officer” or “CEO”	means the chief executive officer appointed by the Board;
“Controlling Shareholder”	means a shareholder who has the ability to directly or indirectly influence or control: <ul style="list-style-type: none"> (a) the appointment of the majority of the Board; or (b) the decisions made by the Board; or (c) the decisions made by the general assembly of the Bank, through the ownership of a percentage of the shares or stocks or under an

	agreement or other arrangement providing for such influence;
“Corporate Governance Regulations”	means all applicable regulations and standards on corporate governance, including, but not limited to, the Central Bank’s Corporate Governance Regulations and Standards for Banks (Circular No.: 89/2019 dated July 18, 2019) and the Securities and Commodities Authority (SCA) Chairman of Authority’s Board of Directors’ Decision no. (3/Chairman) of 2020, regarding the Approval of the Public Joint-Stock Companies Governance Guide;
“Corporate Governance Manual”	means the Bank’s Corporate Governance Manual (as updated from time to time);
“Director”	means a member of the Board of Directors;
“Fit and Proper Policy”	means the Fit and Proper Policy adopted by the Bank (as updated from time to time);
“Group”	means a group of entities which includes: <ul style="list-style-type: none"> (a) the Bank; (b) any Controlling Shareholder of the Bank; (c) any subsidiary of the Bank; or (d) any affiliate, joint venture or sister company of the Bank;
“Chairman”	means the Chairman of the Board;
“Senior Management”	means the executive management of the Bank responsible and accountable to the Board for the sound and prudent day-to-day management of the Bank;
“Staff”	means all persons working for the Bank including the members of Senior Management, except for the Board; and
“Stakeholder”	means any person who has an interest in the Bank, including shareholders, Staff, creditors, clients, suppliers and potential investors.