

## BLME Holdings plc ('BLMEH plc' or 'Company')

### BOARD OF DIRECTORS ('the Board')

#### RESPONSIBILITIES AND TERMS OF REFERENCE (as at 1<sup>st</sup> July 2018)

#### **1. Creation**

The Board of Directors of the Bank of London and The Middle East plc is established pursuant to the Articles of Association of Bank of London and The Middle East plc (the Articles) and in accordance with the Companies Acts 1985, 1989 and 2006.

These Articles were adopted by Special Resolution of the Board passed on 24<sup>th</sup> June 2013.

The adopted Articles of Association bind all aspects of the Company, its members and its business and impose membership criteria and establish proceedings protocol (unless varied by way of Board Resolution) on both the Board and its Committees.

The intention is that any such impositions and statutory requirements are reflected in these Responsibilities and Terms of Reference which are intended to be fully compliant but should any conflict arise between the wording of this document and the statutory documents mentioned above, then the requirements of the Articles of Association, as varied by Board resolution, will take precedence.

#### **2. Purpose**

The Board is ultimately responsible for the strategy, performance and policy framework for the Company and discharges this responsibility through its stewardship of the Company by selection, monitoring and evaluation of the executive management and overseeing and guiding the ways in which the Company's business and affairs are managed.

These responsibilities are discharged with the assistance of a series of supporting Board Committees which, in limited and specific instances set out in their Terms of Reference, have the authority to approve matters on behalf of the Board.

The Chief Executive Officer has responsibility for leading the development of plans for the Company including strategies and aims. The Board participates in discussions and provides professional and independent contributions to all aspects of business both directly and through its Committees

The Board maintains close liaison with the Sharia'a Supervisory Board (SSB), an independent body of scholars appointed by the Board, whose responsibilities are to ensure that the Company conducts its business in accordance with the principles of the Sharia'a.

#### **3. Membership**

The number of Directors, unless otherwise determined by the Company by ordinary resolution, will be no more than 10 or less than 3.

The present membership of the Board is:

<b>Members:</b>			
Adel Abdul Wahab Al Majed	Chairman	1 Vote	Non Exec Director
Sheikh Abdullah Al – Sabah	Deputy Chairman	1 Vote	Non Exec Director
Michael Williams		1 Vote	Non Exec Director
Calum Thomson		1 Vote	Non Exec Director
David Williams		1 Vote	Non Exec Director
Jabra Ghandour		1 Vote	Non Exec Director
Joanne Hindle		1 Vote	Non Exec Director
Giles Cunningham		1 Vote	Chief Executive Officer
Christopher Power		1 Vote	Chief Financial Officer

A Supervisory Statement issued by the Prudential Regulatory Authority (PRA) emphasises the importance that is attached to the role of Non-Executive Directors of the Boards of regulated Banks.

In anticipation of future regulatory requirements, all appointees to the position of Non-Executive Director of the Board of the Company will be expected to demonstrate to the Board Nominations Committee and to the Board, their qualifications and the experience that makes them suitable for the Non-Executive Director role.

They will also be required to satisfy any regulatory requirements that the PRA/FCA/DFSA or other regulator may impose from time to time and adhering to the Individual Accountability policy as appropriate to the knowledge and experience of each member of the Board.

Board Members are expected to be able to commit sufficient time to BLME so that they can fulfil their duties effectively.

#### **4. Quorum**

Will consist of a majority of the Board members, currently 5 members.

#### **5. Chair**

The Board may appoint one of its members to be Chairman and one to be Deputy Chairman and decide the period for which they hold office.

In the absence of a Chairman or Deputy Chairman at any meeting of the Board, the Directors shall choose one of their numbers to be Chairman for that meeting.

The Chairman of a Board Meeting has a second or casting vote in the event of equality of votes.

#### **6. Frequency of Meetings**

Board meetings will be held 4 times per year and at any other time at the instigation of a Board member providing sufficient notice is deemed to have been given to members.

#### **7. Secretary and Minutes**

The nomination of a secretary will be the responsibility of the Chairman.

Minutes of the proceedings and decisions of the Board will be agreed and circulated promptly to members and to other recipients identified by the Chairman. Action points will be assigned to named individuals for resolution and will be reviewed and updated on a regular basis.

## 8. Escalation

As the Board is ultimately responsible for the performance of the company, it is the final decision making body. However, the Board is able to invoke whatever outside assistance and professional advisers it deems necessary to support its stewardship of the business under advice to and settlement by the Chief Financial Officer.

## 9. Responsibilities of the Board

The Board of Directors is responsible for BLME plc's corporate governance and overall company strategy, for articulating and maintaining the desired culture of risk awareness and ethical behaviour of the company and ensuring it is embedded. The Board of Directors is responsible for setting the risk appetite for the Company, approval of major capital expenditure projects and consideration of major financing matters. The Board of Directors have a duty to act in a timely manner to protect the long term interests of the Company.

The Directors discharge their duties within a framework of controls relating to the assessment and management of risk. The Board has delegated authority to a number of Board Committees to assist in key areas and provide support and recommendations to the full Board:

Board Audit Committee	Accounting, Audit, Controls and Compliance
Board Risk Committee*	Risk Policies and Monitoring
Board Remuneration Committee	Remuneration Policies and Compensation
Board Nominations Committee	Appointment of Board Members, Board Committee Members and Board Committee Chairmen, succession planning and oversight of training for all Board members.

\* in addition the Board Credit Committee which will operate as a sub-committee of the Board Risk Committee

Each of these Board Committees operates within agreed and clearly defined terms of reference with articulation of matters that require to be escalated to the Board of Directors. The Chairman of each of these committees will be available to answer questions at the Annual General Meeting. All Directors will be represented at BLME plc's Annual General Meeting.

The Board is responsible for establishing, and appointing scholars, to the Sharia'a Supervisory Board whose responsibility is to provide advice to the Board and the Bank and monitor transactions to ensure that the Bank's activities are in compliance with Sharia'a.

All the Directors have, at the Company's expense, access to the advice and services of any internal or independent professional advisers they deem necessary to ensure they comply with all statutory, legal and regulatory requirements in the discharge of their duties.

The Board will provide an induction programme to give Non-Executive Directors a detailed overview of BLME plc and the necessary regulatory training and ensure all Directors are kept abreast of regulatory changes and internal business developments.

In addition, the Board delegates authority, subject to monitoring and reporting controls, to the Executive Directors of the Company together with an approved structure of executive committees, to enable the Chief Executive Officer and the Executive Directors to exercise day to day responsibilities for operating the business.

Such delegation, however, is on the basis that the Board of Directors and delegated Board Committees reserve to themselves responsibility for approving the following, on the basis that the Board will inform itself on an ongoing basis of all significant activities of the Company:

#### Strategic Planning and Budget Approval

- Long term objectives
- Changes to the overall business strategy, budget and plan to achieve objectives
- The establishment of all subsidiaries excluding those Special Purpose Vehicles (SPV) required to support the normal course of business
- Business acquisitions, disposals, investments or commitments outside the Business Plan

#### Audit and Finance

- Capital structure and allocation
- Any significant issues or implications related to tax and legal advice
- The annual report from the Money Laundering Reporting Officer
- Appointment of auditors on the recommendation of the Audit Committee
- All matters relating to the payment or non-payment of dividends and publication of statutory accounts

#### Corporate Governance

- Review the performance and culture of the Company through consideration of Management Information including an agreed set of KRIs, KPIs and qualitative analysis of issues and trends.
- Significant changes to management control structures
- Overseeing the implementation of the Company's governance framework and periodically reviewing the governance framework to ensure that it remains relevant. Review and approve the whistleblowing arrangements and the firm's policy with regards to it, as recommended by the Audit Committee.
- Matters that may materially affect the reputation or image of the Company and significant environmental and health and safety matters
- Risk policies and any proposed variations that are not specifically delegated
- All matters relating to the shares of the Company and any listing matters
- Regular contact with major shareholders to understand issues and concerns and ensure the view of shareholders is communicated to the Board
- The Chairman will ensure that Non-Executive Directors are available to meet with major shareholders, either at theirs or the shareholders request.
- To perform an annual evaluation of the Board's performance relative to its Terms of Reference.

#### Human Resources and Compensation

- Terms of service, remuneration and all other entitlements of Executive Directors including Board appointments
- All matters related to establishing the pension levels and entitlements across the Company using Remuneration Committee to monitor and report on performance and market practice across the industry

#### Risk

- The manner in which the Board require Risk to be monitored, reported, handled and escalated under the responsibilities of Board Committees, Executive Committee (EXCO) and any of EXCO's delegated committees, including the Head of Risk, is as follows:

<b>RISK</b>	<b>Board Committee</b>	<b>Executive Committee(s) Sub-committee(s)</b>
Liquidity and Capital	Risk	ERC/ALCO
Market	Risk	ERC
Credit	Risk	BCC/ERC/CCRC
Operational	Risk	ERC/ORC
Conduct risks:		
Sharia'a compliance	Board	EXCO
Reputational risk	Board	EXCO
All other conduct risks	Audit	EXCO
ALCO	Assets & Liabilities Committee	
BCC	Board Credit Committee	
Board	Board of Directors of the Company	
CCRC	Counterparty Credit Risk Committee	
ERC	Executive Risk Committee	
EXCO	Executive Committee	
ORC	Operational Risk Committee	

Any other and reportable risks are the responsibility of the Chief Risk Officer and the Chief Compliance Officer who shall discuss and agree with EXCO where responsibility shall lie until ratified by the Board at the next available meeting.

#### Ethics

Ensuring the Company and its employees operate at all times within applicable laws, regulations and religious requirements and with due regard to ethical standards. This will include laws relating to employee health and safety, human rights, environmental protection and standards relating to conflicts of interest. The Board of Directors should take a lead role in developing and maintaining the Company's ethical behaviour and ensuring that this is embedded in the Company's corporate culture and values.