



THE BANK TO TRUST

Governance Policies -2024

# CONFLICT OF INTEREST POLICY

MARCH 2024



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## Governance Policies - March 2024

### Conflict of Interest Policy

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01



# Introduction

# 01 Introduction

Commercial International Bank (CIB) is committed to maintaining the highest level of probity and behavior amongst its workforce. The Bank's Code of Conduct sets out the standards expected from all staff, providing staff, senior management, and board of directors with a comprehensive frame of reference. The standard of behavior for all staff and BoD members of the CIB is that they maintain the highest level of integrity, remaining aware of and forthcoming about any conflict of interest between the Bank and personal, professional, and business interests. This includes actual and potential conflicts of interest, as well as perceptions of conflict of interest.



The Bank is keen to mitigate any actual, potential or perceived conflicts of interest in its operations, organizational structure, reporting lines, and internal/external transactions.

The Conflict of Interest Policy provides guidance in identifying and handling actual and potential conflicts of interest involving the Bank and its activities, as well as protecting the Bank's decision-making process, to enable our shareholders, customers, and other stakeholders to have confidence in said process, and to protect the integrity and reputation of the Bank, its staff and Board of Directors.

# 02



## **Conflict of Interest Definition**



## 02

## Conflict of Interest Definition

Conflict of interest is defined as a situation where a staff or a board member is in position to derive direct/indirect personal benefit from actions or decisions made in his/her official capacity. The possibility of a situation to compromise or bias a staff or a board member professional judgment and objectivity or hinder the proper discharge of his/her duties and responsibilities.



# 03



## **Managing Conflict of Interest**

## 03 Managing Conflict of Interest

- a) Having the proper systems, controls, policies and procedures in place, designed to prevent conflict of interest or to mitigate its associated risk;
- b) The proper disclosure and escalation of any actual, potential or perceived conflicts of interest in accordance with this policy;
- c) Having a clear segregation of duties and well-structured reporting lines across the Bank, to avoid any conflict of interest;
- d) Avoiding the service, activity or situation giving rise to conflict of interest, where this conflict cannot be prevented or mitigated effectively.





# 04



## Responsibilities

## 04 Responsibilities

### 4.1 All Staff

Staff are responsible for identifying and managing conflicts of interest on an ongoing basis and the Bank requires that all staff:

- a)** Comply with this policy, rules and other applicable policies relating to the identification, documentation, escalation and management of conflicts of interest;
- b)** Act with integrity and exercise good judgment and discretion in line with the Bank's core values;
- c)** Avoid situations giving rise to conflict of interest or the perception of a conflict of interest wherever possible;
- d)** Immediately notify their supervisor and the Corporate Governance (Email: Corporate\_Governance@Cibeg.com), even if in doubt of the existence of an actual or potential conflict of interest, in order to appropriately manage and resolve the conflict;



### 4.2 Senior Management

In addition to their responsibilities as Bank staff (as stated above), Members of Senior Management are responsible for overseeing the identification, documentation, escalation and management of all conflicts of interest as they arise within their relevant areas of responsibility at the Bank. Members of Senior Management are required to:

- a)** Be engaged in the implementation of policies, procedures and arrangements;
- b)** Raise awareness and promote adherence of staff to Conflict of Interest Policy;
- c)** Consider the implications and take corrective action, when necessary, in case conflict of interest exists;
- d)** In case a conflict of interest is perceived among the Senior Management level, case must be escalated to the CEO and GNC;
- e)** Members of the executive committees are required to refrain from voting or expressing their opinion if they have any actual or perceived conflicts of interest regarding the matters being discussed in the committee. They are also required to disclose the nature of the conflict to the committee members. The Chairs of the committees must ensure that executive committees' decisions are made in a fair and impartial manner, free from any undue influence.

### 4.3 Members of the Board of Directors

In order to ensure that appropriate business decisions are made, Board Members must ensure that such decisions are unaffected by conflict of interest. Board Members must therefore proactively identify conflict of interest resulting from their Board position and disclose such conflict of interest.

- a)** Each director should refrain from participating in any board discussion, decision or voting that might even suspiciously implicate conflict of interest;
- b)** Directors should refrain from making decisions related to obtaining any promotion, privilege, advantage or benefit, of a specific staff who is a family member up to the 4th degree, or is an associate;
- c)** Chairperson, Board members, their families up to second degree relatives, or any entity where they are board members, partners, shareholders or have actual control are not allowed to be granted any kind of finance, credit facility, guarantee or preferential interest rates in any way from the Bank, except for fully secured facilities according to article (123) of Law No. 194 for the year 2020;
- d)** Not to divulge any confidential information on the Bank's activities that becomes known to them, to act to protect such information from unlawful and unauthorized disclosure, and not to use such information in their own interest or the interests of other persons;
- e)** According to article (99) of Companies Law No. 159/1981, the General Assembly should approve any related party transaction where a board member is involved;
- f)** Not to conclude any material contract with another company in which he/she is an owner, a major shareholder, a member of its board or a part of its management or the Bank owns a majority of its stake without prior consent of the General Assembly;
- g)** According to article (97) of Companies Law No. 159/1981; Each board member should inform the board of directors of any transaction submitted to the board that he/she has an interest in, for this matter to be recorded in the minutes of meeting, and he/she should refrain from voting in such cases, and the board of directors must inform the first following General Assembly;
- h)** According to article (94) of Companies Law No. 159/1981 and article (122) of Law No. 194/2020, Directors should not, whether on their personal capacity or as representative of others, be a Board Member in another bank or credit lending institution in Egypt, or conduct any management work or consultations for such banks or financial institutions;
- i)** For serving as a Board Member in any other type of entity, the Head of Corporate Governance should be notified;
- j)** NEDs either directly or through Board Committees, should refrain from involving in business activities, that are not in the normal course of business, by directly or indirectly engaging with the executive management to execute specific task or project. If a NED or Board Committee believes that such task or project is necessary or beneficial to the Bank, they must present their proposal to the Board for review and approval.

05



# Financial Transactions



## 05 Financial Transactions

**a)** The following must be observed in relation to any of the below “financial transactions”:

- Lending/credit facilities (that are not fully secured) and fixed income investment
- Equity participation, acquisition, equity SWAP or divestiture
- Selling of assets or purchasing of assets or services.

**b)** Executive Directors and Executive Committee members are not allowed to approve / participate in the approval process of any “financial transaction” to / with a family member up to the 4th degree.

**c)** In addition to observing what the Companies Law (159 / 1981) stipulates with regards to related party transactions, should the Bank be considering a “financial transaction” with an entity where material ownership (20% and above), persons with actual control, or board members – in the entity or its parent company – have a family relationship (up to 2nd degree) with any of the CIB board members or Executive Committee members, the matter should be assessed by the Governance Department and pre-approved by the BoD.



# 06



## Practices Not Allowed

## 06

## Practices Not Allowed

Due to the breadth of the Bank's products, service offerings and clientele base, it is not possible to enumerate in this policy every circumstance that could give rise to an actual, potential or perceived conflict. Staff, Senior Management, and Board Members should be alert to identifying and abstaining from situations that may give rise to a potential conflict, including the following:

- a) Seek or accept financial or other significant benefit from any party having business with the Bank, or as a result of their position at the Bank, that is inappropriate in nature;
- b) Secure, source, or promote any business activities for an external company, supplier, client or contractor within the Bank where such staff member stands to gain directly, indirectly as family, or in any other way, which may be deemed personal or unethical;
- c) Have any interest direct or indirect in any competitor of the Bank;
- d) Use or disclose any information obtained from the Bank's sources, which is not generally available to the public, for personal gain, in a manner that might create a conflict between personal interest and interest of both the Bank and the client(s), or for any reason other than that authorized for the Bank's purposes;
- e) Share or use data related to Bank clients, products and services other than those announced by the Bank;
- f) Hold a power of attorney (PoA) / non-financial delegations or open joint / care accounts with clients, unless this client is a first or second degree relative, and after obtaining the Corporate Governance group approval;
- g) Authorize any transaction to him/her-self, or any of his/her relatives;
- h) Be the accountable officer of his/her relatives' accounts;
- i) Account Officers are not allowed to handle any family member's credit facility. If such cases occur, related officers must declare the nature of the conflict and abstain, advising their direct supervisor and the Corporate Governance Group accordingly;

- j)** Misuse of your position in dealing with the clients, suppliers, managers, subordinates or other staff members is strictly prohibited;
- k)** Have an interest to favor the sale of a particular product or service to a client which is not in the best interest of the client, to achieve the required targets for example;
- l)** Act in any other manner that could be construed or interpreted as a conflict of interest;
- m)** Casual financial transactions, justified with clear acceptable purposes, up to EGP 10K between staff members are permissible. Those above EGP 10K are not allowed unless justified with clear purposes and supporting documents.
- n)** Borrowing/lending money, or any financial benefits between staff members such as saving plans (جميعية) are not allowed;
- o)** Staff members are not allowed to have unjustified financial transactions with customers with no clear purpose or supporting documents.
- p)** Account Officers are not allowed to have commercial/financial transactions with customers under their portfolio. If such cases occur, related officers must declare the nature of the conflict and abstain, advising their direct supervisor and Corporate Governance for their decision accordingly;
- q)** Strictly prohibited to be granted unsecured credit facility for the relevant external activity (if any);
- r)** Staff members are not allowed to use their accounts (either payroll or personal) in commercial / business related transactions, charity collection, nor third party transactions i.e., on behalf of persons other than first degree relatives;

*Staff Accounts are all types of accounts held by CIB staff in CIB, this includes payroll, non-payroll accounts "*  
*(Current - Saving), smart wallets and credit cards*



07



## **Staff Relatives**

## 07 Staff Relatives

Relatives hiring/transfer is governed by the Staff Relatives Framework adopted by the Corporate Governance and Human Resources Groups. In cases of staff relatives, disclosure to the Corporate Governance Group is a must, whether it is a new hiring or a staff transfer, for assessment and clearance. Staff and Board members should disclose family relationship listed hereunder. It is prohibited that related staff members are in a position where one is reporting to/supervising the other. Related staff members are banned from handling the same tasks / cases / requests / portfolios nor participating in the same business, branch area, project, or a control area that inspect the department where staff relative is.

CIB follows a “no relative hiring” policy, exceptions to the policy are rare and based on strong justification, and if recommended by HR, will be subject to several approvals based on the relative’s degree.

### **Restricted areas for staff relatives hiring:**

- Audit
- Legal - (Investigations)
- Compliance (Staff Accounts Monitoring, Compliance Monitoring and Testing and Whistle Blowing, Anti-Bribery and Corruption)
- Governance (Corporate Ethics)
- HR - (Compensation and Benefits, HR Business Partners, HR MIS)

### **\* List of Relatives to be disclosed:**

- 1st degree: father, mother, sons, daughters, spouses, father in-law and mother in-law.
- 2nd degree: siblings, spouse’s siblings, siblings’ spouses, grand-fathers, grand-mothers, grand-sons and grand-daughters.
- 3rd degree: uncles, aunts, nieces and nephews and the spouses’ equivalent.
- 4th degree: cousins, siblings’ grand-sons/daughters and spouses’ equivalent.

08



## **External Activities - Business / Non-Business**

## 08

## External Activities Business / Non-Business

The External Activities are certain activities undertaken by staff outside their role at the bank, whether or not compensated, that may create a potential conflict of interest. These are generally positions in external organizations such as, but not limited to, partnerships, board memberships, external/other employment, appointments to public offices, teaching, coaching, residential board or sports clubs board membership.

The Bank should enjoy the full contribution, time and energy of its staff. Hence, staff are not allowed to undertake any other work in addition to their job at the Bank, whether by themselves or through another party; unless prior approval is obtained from the Corporate Governance Group.

- a) Staff must be alert to any external activity that could give rise to a conflict of interest with the interests of CIB or may cause harm to the Bank corporate image, and be aware that they may be required to discontinue any activity if a conflict arises;
- b) Staff must disclose the proposed external activity to his/her direct manager prior seeking the Governance approval;
- c) Staff should declare the proceeds/profits expected from their external activity.

### 8.1 What Is Not Allowed

- a) Having an executive role or financial authority in the external activity;
- b) Directly or indirectly have a contractual work relationship for another party whether full or part time with or without remuneration while being staff of CIB;
- c) Allow the external activity, or the time consumed therein to affect/interfere with your job at CIB, it is the direct manager's responsibility to observe and follow up on this and report to the Corporate Governance any breaches in this regard;
- d) Using the Bank's name, facilities, materials or relationships for personal benefits or for outside work purposes;
- e) Establishing a business relationship with a CIB customer;
- f) Using your personal accounts (payroll or non-payroll accounts) in transactions related to your external activity;



- g) Being granted unsecured credit facility for the relevant external activity;
- h) Being authorized signatory over the company's accounts;
- i) Using the contacts made and information obtained through the Bank's suppliers or clients in the interests of external business activities;
- j) Taking a corporate opportunity discovered in the course of employment through the use of corporate property, information or position to compete with the Bank;
- k) Engaging in a business (company / subsidiaries / holding Co. / sister companies) that competes with the Bank's business or affects its reputation/image.
- l) Serving as a board member in any other institution (including, but not limited to, clubs, non-profit organizations, public or social organizations) without a prior approval from his/her direct manager, Group Head and the Corporate Governance Group;
- m) Entering into a second contract of employment at all, or enter into any arrangement, which entails a conflict between their own interests and those of the Bank.

## **8.2 What Is Allowed with Prior Approvals**

### **8.2.1 Teaching / Instructing / Coaching Activities**

- a) Staff are allowed to carry out teaching/instructing/coaching activities after obtaining the required approvals;
- b) Staff should not provide teaching/instructing/coaching activities to an organization that competes with CIB's business;
- c) Staff should not use the Bank's name or training materials or cite cases from the Bank in their teaching/instructing/coaching activities;
- d) Staff should not discuss political / religious topics nor economic forecasts.

### **8.2.2 Partnership with/without Board Representation**

- a) Staff can only be a silent partner in an external business activity, i.e. not managing or actively involved in the business, nor is an authorized signatory, and his/her name in the commercial register is with no authorities;
- b) Staff cannot own a controlling stake in the external activity;
- c) Staff cannot sign or act on behalf of their external activities.

### **8.2.3 Board Membership**

- a) Corporate Board Membership is subject to serving a beneficial purpose;
- b) Staff must obtain the approval of his/her direct manager, and the Corporate Governance prior accepting the proposed membership;
- c) CEO's and GNC approvals are required for the Executive Management Team.

### **8.2.4 Non-Business External Activities**

Staff may assume other non-business external activities for example serving in registered charitable, civic, public or social organizations, residential cooperative or condominium boards or participating in sports clubs' elections and/or

political parties subject to the following conditions:

- a) Their activities shall not entail any conflict of interest or harm to the Bank corporate image;
- b) Not using CIB's name, materials, resources or confidential information;
- c) Not promoting their activities within the Bank;
- d) Not collecting donations / aids or any type of payments for their activities;
- e) Their role shall not involve any financial responsibilities/authorities;
- f) Their performance and working hours at the bank shall not be affected where it's the responsibility of the employee and his/her direct managers to ensure so.

All external activities of the Executive Management team and N-1 of the CEO and Deputy CEO, have to be approved by the GNC.

09



# Gifts and Business Entertainment

## 09

# Gifts and Business Entertainment

As a general practice staff must not accept / offer any reward, gift, entertainment, money or anything of value from existing or prospective clients or supplier in circumstances that might affect or influence the business judgment. Gifts acceptance / offering is tolerated up to a certain level and within certain criteria set forth in details in the code of conduct.





# 10



## **Blackout Period**

# 10

## Blackout Period

A blackout period is a period of time during which members of the Material Risk Takers (Insiders List, inclusive of the Board of Directors) are not allowed to trade on the CIB stock (neither buy nor sell), either local shares, Global Depositary Receipts (GDRs) or American Depositary Receipts (ADRs). The blackout period usually takes place prior the financial statement release and/or the announcement of any other Material Non-Public Information (MNPI) or event.

The blackout period is announced from the Head of Corporate Governance, and its duration is set in accordance with the local and foreign regulators and international best practices.

In non-blackout periods, trading on the CIB stock should be through the designated brokerage company, under the proper control of the Head of Corporate Governance.

For the Material Risk Takers (Insiders) list, all trading transactions on CIB stock must be on the designated trading form and pre-approved from the Head of Corporate Governance or his/her delegate.



*Staff members on the Insiders List, are staff having access to material non-public information or have key functional responsibilities with significant potential impact/influence*



## External Auditors

# 11

## External Auditors

a) External Auditors engaged in the audit mission on the Bank must be entirely independent from the bank and its board members. He/she shall not be a shareholder of the bank and shall not review the accounts of more than two banks at the same time;

b) External Auditors engaged in the audit mission on the Bank cannot be a family member up to the 2nd degree of a director or an executive staff of the Bank or any of its affiliates;

c) External Auditors, their families up to second degree relatives, or any entity where they are board members, partners, shareholders or have actual control are not allowed to be granted any kind of finance, credit facility, guarantee, or preferential interest rates in any way from the Bank, except for fully secured facilities according to article (123) of Law No. 194 for the year 2020;



# 12



## Third Parties



## 12 Third Parties

a) If a Third Party or Third Party's representative is a close personal friend or relative of the CIB staff responsible for Source Selection or Fair Value determination, then, either the Third Party's representative or the CIB staff should be reassigned. In such case, concurrence of Head of Corporate Governance and approval of Business, Corporate Services, Operations and Information Technology Committee (BCOIT) are required before proceeding with the discussion.

b) During the Third-Party life cycle, if a conflict of interest arises, and as deemed necessary, Corporate Governance feedback should be obtained.

c) Third Party Management Procedures Guide provides more details in this respect.



# 13



## Escalation

## 13 Escalation

Each staff member must appropriately escalate any identified instances of actual, potential or perceived conflicts of interest, even if in doubt, to their direct manager and the Corporate Governance Group in order to take the necessary action to mitigate the conflict. Cases of conflict of interest involving a member of Senior Management or a BoD member, should be escalated to the GNC. Failure to escalate could expose the Bank to regulatory non-compliance, as well as reputation risk.



14



## Whistle-Blowing

## 14 Whistle-Blowing

The Bank provides appropriate channels for the reporting / whistle-blowing of conflicts of interest within the Bank. The Whistle-Blowing policy sets forth the procedures for people to speak-up and raise any concerns for any inappropriate behaviors and practices that contradict with CIB core values. This policy is set to safeguard and protect the identity of whistle blowers.



15



## Related Parties



# 15

## Related Parties

**Related party is any party who has any direct or indirect relationship with the Bank in one of the following cases:**

- a) Controlling the company, or falling with it under joint control;
- b) Owning a percentage of shares or voting rights that gives the ability to effectively influence its decisions;
- c) Board membership or occupying the CEO position of the company, or in one of its subsidiaries or sister companies;
- d) Falling under full control or joint control or under the direct influence of persons who hold a percentage of shares or voting rights that gives the ability to effectively influence decisions;
- e) The related party shall have a system independent of the Bank, for the staff benefits or pensions, for the staff of the company or any company related to it.

Moreover, any transaction carried out with a third party (outsourced transactions) should follow all the required due diligence, from ensuring that no conflict of interest exists to ensuring that all regulatory requirements are in place.



16



## Breach of Policy

## 16 Breach of Policy

Failure to comply with the Conflict of Interest Policy exposes the Bank, staff and BoD to the risk of fines, penalties and settlements related to regulatory or legal actions. Breaching the policy will result in disciplinary action up to and including dismissal.



17



## Sustainability

# 17

## Sustainability

This policy document aligns with and implements relevant Sustainability Environmental, Social and Governance (ESG) principles, standards, frameworks and best practices while adhering to applicable national laws and regulations. Furthermore, the policy shall observe and implement Sustainability System components as mentioned in the Sustainable Finance Policy and ensure that relevant Environmental, Social and Governance (ESG) indicators are well measured, monitored, controlled and reported consistently and comparably to enhance proper enforcement, accountability and transparency.



18



## **Policy Governance**



# 18

## Policy Governance

The Policy shall be concurred by the Executive Committee “ExCo” and the Governance and Nomination Committee to be finally approved by the Board of Directors.





#### **Governance Policies -2024**

##### **Conflict of Interest Policy**

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