



Nomination Policy for Board Members

LB-IMS-BOD-07, Rev 03 | 2024

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1 INTRODUCTION

1.1 Introduction

- 1.1.1 The nomination policy to the board of directors (the **"Policy"**) of Lesha Bank LLC (Public) (**"Lesha"** or the **"Bank"** or the **"Company"**) describes the process by which candidates must comply for their selection, evaluation and appointment or election as members of the Bank's board of directors (the **"Board"**). The Policy is administered by the Nomination, Remuneration and Corporate Governance Committee (the **"Committee"** or **"NRCGC"**).
- 1.1.2 This Policy is intended to guide the committee when recommending new directors, and when deciding whether to recommend that current directors be re-nominated. It is the policy of the committee that, while a current director may not be subject to the same level of scrutiny as a new director when considering nomination recommendations, the Committee shall carefully consider the qualifications and contributions of any current director before making a re-nomination recommendation.
- 1.1.3 For the avoidance of doubt, nomination by the Committee does not deprive any shareholder of his or her rights to nominate or to be nominated.
- 1.1.4 The terms "Director" and "Board member" shall have the same meaning and shall be used interchangeably in this Policy.
- 1.1.5 This Policy must be read in conjunction with the Bank's other corporate governance documents.

1.2 Complementary to law and articles

- 1.3 The Policy is drafted to comply with the provisions of the Bank's Articles of Association (together, the **"Articles of Association"** or **"AoA"**). The provisions of the Policy are complementary to the provisions included in the NRCGC Charter and the provisions of the Governance code for Companies and Legal Entities Listed in the Main Market (the **"Code"**) as issued by the Qatar Financial Markets Authority (**"QFMA"**) by virtue of Decision No. (5) of 2016 (as may be amended or re-enacted from time to time), and in accordance with the laws and regulations of Qatar Financial Centre Authority (**"QFCA"**) and Qatar Financial Centre Regulatory Authority (**"QFCRA"**).

2 BOARD MEMBERSHIP

- 2.1 The Board consists of nine (9) board members unless provided otherwise in the Articles of Association. The majority of the board members shall be non-executive board members. The nine board members shall consist of five (5) non-independent members and four (4) independent members, as detailed in the Articles of Association (as may be amended from time to time).
- 2.2 The nomination for board membership shall be managed and administrated by the NRCGC. The NRCGC shall determine the list of requirements for board directorships in accordance with the applicable regulations and the needs and requirements of the Bank in terms of skills and knowledge.
- 2.3 The nomination application process shall be announced to the public and on the Bank's website listing all the requirements and conditions that the candidates must meet. All applications must be submitted to the NRCGC via the Board Secretary. The NRCGC then reviews the applications in conjunction with the requirements and provides the Board with its recommendation in terms of which candidates meet the requirements. The Board shall review the applications of the recommended candidates by the NRCGC submits the nominated candidates to the general assembly of the shareholders (**"General Assembly"**) for election and appointment.
- 2.4 The Strategic Shareholders (as defined from time to time pursuant to the Bank's AoA) shall have the right to nominate two (2) candidates for board elections.
- 2.5 For the board members that are appointed by the Strategic Shareholders, each Strategic Shareholder shall submit at the commencement of the nomination period a letter addressed to the NRCGC naming the board member that

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will represent them on the Board. The board members named by the Strategic Shareholders shall be announced at the General Assembly for approval. The letter must be provided to the NRCGC no later than the expiration date of the nomination period.

- 2.6 If any Strategic Shareholder decides not to nominate a board member representing them on the Board, or the nomination deadline lapses without providing the NRCGC with the said letter nominating their representative, the seat shall be put up for election at the General Assembly.
- 2.7 At each General Assembly, the number of directors that is equal to the number of directors whose term expires at the time of such assembly shall be elected by the General Assembly in order to serve until the third ensuing annual meeting of shareholders.
- 2.8 The election shall take place through a vote by secret ballot by the General Assembly.
- 2.9 The NRCGC shall ensure that the board composition is in compliance with the provisions of the Articles of Association and the Board Charter.
- 2.10 Taking into consideration QFMA rules and regulations (as may be amended from time to time) election of board members could be conducted on a standalone basis for the purpose of electing the remaining Non-Independent and Independent board members by the General Assembly so at all time one third of the Board is constituted by Independent board members. This means that each of the elections (ie. election of Non-Independent Members and election of Independent Members) could run on a standalone basis to ensure the election meets the requirements and the constitution of the board as set out in the Articles of Association (as may be amended from time to time).

3 LEGAL REQUIREMENTS

- 3.1 A board member shall meet the following criteria's for the purpose of his or her selection, evaluation, election or appointment to the Board:
 - 3.1.1 Not be under 21-years-old with full legal capacity.
 - 3.1.2 Not have been sentenced to criminal penalty, or a crime against honor or integrity, or any of the crimes stipulated in Article (40) of Law No. (8) Of 2012 concerning the QFMA, and articles (334) and (335) of law No. (11) Of 2015 Promulgating Commercial Companies Law, or be prevented from practicing any work in the entities subject to the authority's jurisdiction under Article (35 paragraph 12) of law No. (8) Of 2012 referred to, or have been bankrupted, unless been rehabilitated; and
 - 3.1.3 Be a shareholder owning, when submitting their application for nomination to the Board, not less than one million shares of the Bank's shares.
 - 3.1.4 Such shares shall be deposited to the Depository within sixty (60) days from starting date of membership with prohibition from trading, mortgage or seize until the end of membership period, approved on the last budget of the financial year of doing business. These shares shall also be allocated to ensure the rights of the Bank, shareholders, creditors and third parties for the responsibility of the board members. If the member does not provide the guarantee as mentioned, their membership becomes invalid. The independent member shall be exempted from this requirement.

4 DIRECTORS QUALIFICATIONS

- 4.1 The Committee shall nominate directors of the Board and regularly review the appropriate skills and characteristics required of members, as well as the composition of the Board as a whole. In addition to this, the review will include the Board members' independence under applicable standards and rules, as well as consideration of diversity, skills, age and experience and the general needs of the board. The Committee's purposes, pursuant to its charter, include ensuring that the board is properly constituted to meet its fiduciary obligations to the Bank and its shareholders and recommending to the board, qualified candidates to be nominated for election as directors.
- 4.2 The Committee, after consultation with the Board and executive management, shall ensure that board candidates possess the following minimum qualifications:

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- 4.2.1 Each board candidate must be committed to the Bank's long-term business success consistent with the highest standards of responsibility and ethics and must represent the best interests of all of the Bank's shareholders and not any particular constituency.
- 4.2.2 Each board candidate who is a shareholder, should commit to represent all shareholders and shall undertake to carry out whatever might be in the interest of the Bank, not in the interests of the group he or she represents.
- 4.2.3 Each board candidate shall conscientiously prepare for, attend and participate in board and applicable board sub-committee meetings and must ensure that he or she does not have such other personal or professional commitments as would limit or interfere with his or her ability to properly discharge, or which would otherwise conflict with, his or her obligations to the Bank and its shareholders.
- 4.2.4 Each board candidate shall have an established record of professional accomplishment in his or her chosen field. In addition, the committee also considers whether board candidates possess the following qualities or skills:
- A board candidate should possess a strong reputation for integrity, personal and professional ethics, mature judgment and an ability to work collegially with the other members of the Board.
 - A board candidate should contribute to the board's overall diversity, with diversity being broadly construed to mean a variety of personal and professional experiences, education, opinions, perspectives and backgrounds.
- 4.2.5 A board candidate should possess professional and personal experience and expertise relevant to the role being performed as a board member. Relevant experiences might include experience in the areas of the Bank's core business or businesses, senior level experience and expertise in one or more areas.
- 4.3 For the purpose of determining whether a person is suitable to be appointed as a director, kindly refer to **Appendix I** of the present policy.

5 IDENTIFICATION OF CANDIDATES

- 5.1 The Committee solicits ideas for possible board candidates from a variety of sources including, without limitation: members of the board, Bank executives, shareholders or individuals personally known to the members of the board or Bank executives through personal or professional relationships and general research.
- 5.2 The Committee may also from time-to-time use its sole authority to engage and terminate consultants, search firms, or other advisors, as the committee deems advisable, to carry out its responsibilities at the Bank's expenses. If the Committee retains any similar search firms, they may, at the Committee's sole discretion, be asked, among other tasks, to identify possible board candidates who meet the qualifications set forth in this policy, to interview such candidates, to conduct appropriate background and reference checks and to be available for consultation as needed by the Committee and the Board.

6 CANDIDATES PROPOSED BY SHAREHOLDER

- 6.1 Any shareholder of the Bank may propose one or more persons for election as a director of the Bank at the . The Committee shall then ensure that the candidate complies with the director's nomination provisions. If the proposed candidate does not comply with the nomination criteria, he or she will not be nominated.

7 EVALUATION OF CANDIDATES

- 7.1 The Committee will consider all candidates properly identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria.
- 7.2 If, based on the Committee's initial evaluation, a board candidate continues to be of interest to the Committee, the chairman of the committee will interview the candidate and communicate his or her evaluation to the other

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committee members, the board and executive management. If the chairman's initial evaluation is favorable, the candidate will be interviewed by the other committee members and/or other board members.

- 7.3 If the results of these interviews are favorable, the chairman of the committee will arrange to have appropriate reference and background checks conducted and will report the findings from such checks to the other committee members and other board members, the CEO and such other members of executive management, as the chairman deems appropriate or advisable.
- 7.4 The Committee will then meet to consider and finalise its list of recommended board candidates for the Board's consideration.
- 7.5 Except as may be required by applicable law, rule or regulation, the Committee will have no obligation to discuss the outcome of the evaluation process or the reasons for the committee's recommendations, with any shareholder who made a proposal.
- 7.6 All Board candidates (whether identified internally, by a qualified shareholder or otherwise) who, after evaluation, are then recommended by the Committee and approved by the Board, will be put forward to the shareholders for appointment or election (as the case maybe) at the General Assembly.

8 AMENDMENTS

- 8.1 This Policy shall be reviewed on a regular basis, or at least every three (3) years.

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APPENDIX I: GUIDELINES FOR THE NOMINATION OF BOARD MEMBERS (FIT AND PROPER CRITERIA)

1 Definition of 'fit and proper'

- 1.1 A person who is fit, is a person who enjoys a solid financial position or status. In addition to this, a person who is proper, is a person who is reliable because he or she enjoys good personal qualities, such as professional competence, integrity and good reputation.
- 1.2 The NRCGC shall, in assessing a person's fitness and properness, take into consideration the following:
 - Financial position.
 - Educational or other qualifications, or experience having regard to the nature of the functions to be performed;
 - Ability to carry out the activity competently, honestly and appropriately.
 - Availability to perform the duties as board members.
 - Reputation, character and integrity.
- 1.3 The above qualifications must be considered in respect of the person (if the nominated person is a natural person) or a company and any of its officers (if the nominated person is a legal person).

2 Evaluation of fitness (financial status)

- 2.1 The NRCGC is not likely to be satisfied that a person is a fit person if that person is bankrupt or financially insolvent and has not been discharged, or is currently subject to bankruptcy proceedings, or is a bankrupt who has been discharged within the previous three (3) years.
- 2.2 In considering whether to nominate a bankrupt person who has been discharged, the NRCGC would have regard to the circumstances of the discharge and whether the date of the discharge was recent.
- 2.3 The NRCGC should have regard to the circumstances of the failure to meet a judgment debt and where a person has been associated with an entity that became insolvent, went into administration, was under the control of a court appointed liquidator or otherwise failed to meet its financial obligations to creditors or beneficiaries, that person's competence, honesty and integrity may be brought into question. This may not necessarily mean that an instance in a person's past (for instance, where their association was at a very junior level) would rule them out.
- 2.4 The NRCGC can enquire further into the matter to establish whether or not the circumstances reflect on the person's probity or competence as it is important for the NRCGC to be aware of any such instances, even where they make a decision to nominate such person.

3 Evaluation of properness

- 3.1 It is assessed with reference to the person's academic and industry qualifications, together with relevant experience. Persons should have the skills, knowledge and professionalism necessary to perform their duties. The level of knowledge expected varies according to the level of responsibility. Persons are generally expected to be able to display an understanding of:
 - 3.1.1 The general structure of the regulatory framework that applies to the Bank's proposed activities.
 - 3.1.2 The legislations, laws, principles, and supervisory rules specific to stock markets.
 - 3.1.3 The obligations owed to clients and the general obligations owed to their principals or employers.
 - 3.1.4 The financial products they deal in or advise upon, and the market in which the service is provided.
- 3.2 A person has to demonstrate the ability to carry on the regulated activity competently, honestly and fairly, and in compliance with all relevant laws, codes and guidelines promulgated by the QFMA and other regulators (where applicable).

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3.3 The NRCGC is not likely to be satisfied that a person is a proper person if:

3.3.1 That person is of unsound mind.

3.3.2 There is evidence of his or her incompetence, negligence or mismanagement. Evidence may include the person having been disciplined by a professional, commercial or regulatory body, or dismissed or requested to resign from any position or office for negligence, incompetence or mismanagement.

4 Reputation, character, reliability and financial integrity

4.1 The NRCGC is not likely to be satisfied that a person is not proper if that person:

4.1.1 Has a poor reputation, or is not trustworthy or lacking in financial solvency.

4.1.2 Convicted by a court or other competent authority for fraud, dishonesty or breach of law.

4.1.3 Is convicted of a criminal offence or is the subject of unresolved criminal charges which are of direct relevance to properness.

4.1.4 Censured, disciplined or disqualified by any professional or regulatory body in relation to any trade, business or profession.

4.1.5 Refused or restricted from the right to carry on any trade, business or profession for which a specific license, registration or other authorization is required by law.

4.1.6 Disqualified by a court of competent jurisdiction from being a board member.

4.1.7 Found guilty of market misconduct by the Qatar Stock Exchange ("QSE") or another regulatory body, or failed to comply with any codes and guidelines promulgated by the QSE, other regulators or any relevant exchanges in Qatar or overseas (if applicable).

4.1.8 If a board member, substantial shareholder, or manager of a company or business that:

- Was wound up (otherwise than by a voluntary dissolution unrelated to solvency), was otherwise insolvent or had a receiver or administrator appointed.
- Was found guilty of fraud.
- Has not met all obligations to clients, compensation funds established for the protection of investors, or inter-member guarantee funds.
- Has been found to have committed the acts described in (4.1.2) or (4.1.3) or (4.1.4) or (4.1.5) or (4.1.7) above.
- Has been a party to an insolvency arrangement or entered into any form of compromise with a creditor involving a considerable amount.