

## INSTRUCTION ON THE GOVERNANCE CHARTER OF BANK AL-MAGHRIB

Having regard to the provisions of Dahir No. 1-11-91 of July 27, 2011, promulgating the text of the Constitution of the Kingdom of Morocco, particularly Articles 154 and subsequent articles;

Having regard the provisions of Law No. 40-17 on the Statutes of Bank Al-Maghrib, promulgated by Dahir No. 1-19-82 of June 21, 2019<sup>1</sup>;

In accordance with the Codes of Ethics applicable to the members of the Board and the staff of Bank Al-Maghrib;

Having regard to the principles set forth in the Moroccan Code of Good Governance Practices for Public Companies and Institutions;

Considering Bank Al-Maghrib's commitment to constantly align with good governance international standards and best practices;

Pursuant to the decision of the Board of Bank Al-Maghrib, adopted at its meeting of March 18, 2025, approving the provisions of this governance instruction;

The following is hereby enacted:

### **Article 1: Purpose**

This instruction establishes the principles and rules of the Bank Al-Maghrib's governance framework.

### **Article 2: Bank Al-Maghrib's missions and objectives**

The Bank's missions and responsibilities are defined by Law No.40-17 on its Statutes (hereinafter "the Statutes"). For each mission, the Bank sets clear and measurable objectives.

As part of its strategic planning cycle, the Bank defines strategic orientations and objectives that align with its missions. It ensures the implementation of efficient management mechanisms to achieve these objectives.

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<sup>1</sup> In particular, articles 1, 6, 13, 15, 24bis, 25, 26, 29, 31, 33, 35, 36, 41, 43, 44, 45 and 50.

The Bank's missions are structured within an appropriate organizational chart that takes into account the imperatives of the internal and external environment. As part of the continuous improvement dynamic, this chart undergoes periodic reviews, particularly in line with each strategic cycle.

### **Article 3: Independence**

The legislative and regulatory framework ensures the Bank's independence from both the Government and third parties. It safeguards its officials from any public or private influence.

To ensure the coherence of macroprudential and monetary policies with other macroeconomic policy instruments, the Bank maintains a regular dialogue with the Ministry of the Economy and Finance, particularly to exchange relevant information and analyses. In this regard, in addition to regular discussions between the Governor and the Minister of Finance, acting under the authority of the Head of Government, periodic meetings are held between representatives of the Ministry and the Bank.

In particular, a monthly meeting is held with the Treasury and External Finances Department, to discuss matters of common interest, notably in relation to public policies, draft economic and financial legislation and regulations, as well as jointly undertaken programs and initiatives.

As part of the Bank's mission as the Government's financial advisor, the Wali sends a letter to the Minister of Economy and Finance at the beginning of each year, following the adoption of the Finance Law. The letter provides an assessment of public policies as well as economic and social trends. It is reviewed by the Monetary and Financial Committee before being submitted to the Bank's Board.

### **Article 4: Financial autonomy**

The Bank is a public legal entity with financial autonomy. As such, it possesses its own resources to finance its operating and investment budget, and manages them according to principles of efficiency, accountability, transparency, and compliance with applicable standards, laws, and regulations.

### **Article 5: Governance Bodies**

The Bank's Statutes establish its governance bodies, as well as their roles and responsibilities.

The Board is responsible for the administration of the Bank. The Statutes specify its responsibilities in relation to the Bank's core missions (mainly monetary policy, foreign exchange reserve management and currency issuance). It also establishes its functioning modalities, which are detailed in an internal regulation made public.

The Board consists of six appointed members who, individually and collectively, possess the necessary qualifications and expertise to effectively carry out their duties. The list of Board members, along with their terms of office, which are limited to a maximum of six non-renewable years, is publicly available on the Bank's website.

Two committees emanating from the Board -the Audit Committee and the Pension and Social Welfare Steering Committee- facilitate the Board's decision-making regarding risk management, financial reporting, internal audit and control, as well as matters related to staff's retirement and social welfare schemes. The Board adopts specific operational procedures for these committees and may also set up other restricted committees from among its members to carry out specific missions.

The Governor administers and manages the Bank in accordance with the powers conferred by the Statutes. In carrying out the Bank's affairs, he is supported by a Committee of Directors, which holds monthly meetings.

The Governor is also supported by:

- The **Monetary and Financial Committee**, which meets monthly and addresses issues related to monetary policy, foreign exchange policy, reserves management, banking supervision, financial stability, systems and means of payment, financial inclusion, and statistics;
- The **Financial Stability Committee**, which holds biennial meetings and addresses macroprudential policy, risk assessment for financial stability and the analysis of interactions between macroprudential policy and other policies, particularly monetary and fiscal policies.

The aforementioned committees are chaired by the Governor, who determines their composition and operating procedures through specific instructions. They conduct regular self-assessment, particularly regarding their functioning.

## **Article 6: Control bodies**

In accordance with the provisions of the Statutes, the Bank is subject to external audits carried out by the Government Commissioner, the external auditor and the Court of Accounts.

The Government Commissioner oversees, on behalf of the State and in the name of the Minister of Finance, the compliance of the Bank's financial operations with applicable legal and regulatory provisions. He attends Board meetings in an advisory capacity.

The external auditor is appointed for a non-renewable term set by the Board. The terms and conditions of his appointment and intervention are defined in an instruction issued by the Governor, following the Board approval and upon consultation with the Audit Committee.

The Bank is accountable to the Court of Accounts. Each year, it submits to the Court its accounting records, as well as those of its staff social welfare bodies, in accordance with the procedures set out in the applicable legislation. The Bank also provides the Court with excerpts from the Board's minutes related to its budget and assets, along with copies of the external auditors' reports.

The Governor appears before the parliamentary standing committees on finance, at their request, to discuss the Bank's missions. Such hearing is followed by a debate. Quarterly, the Bank provides Parliament with an information letter on the key events that have characterized its missions and activities.

### **Article 7: Decision-making process**

The Bank sets up internal (standing or ad-hoc) advisory committees to foster consultation within the decision-making process related to its missions and activities.

These committees assist the Governor in said process. Their missions and operating procedures are defined by instruction issued by the Governor or within the framework of project management and steering.

The permanent committees, chaired by the Director General, meet at predefined intervals, with their meeting minutes submitted to the Governor and presented to the Management Committee. These committees include the Coordination and Internal Management Committee, the Risk and Compliance Committee, the Payments Committee, the Data and Statistics Committee and the Cybersecurity Committee. They conduct regular self-assessment, particularly regarding the effectiveness of their operations.

The ad-hoc committees, established for specific projects, operate in accordance with the Bank's project management methodology.

### **Article 8: Accountability and transparency**

The Bank communicates internally and externally on the fulfillment of its core missions and the achievement of its objectives, as well as on the management of its resources, through diversified channels, including its internet and intranet portals and electronic communication platforms.

It establishes and implements a framework ensuring appropriate transparency in both financial and non-financial information, in compliance with legal and regulatory requirements<sup>2</sup> and in line with best practices and international standards. This transparency involves timely communication of relevant and accessible information, particularly regarding its legal status, governance, mission fulfillment, strategy, resource allocation, financial position, policies and their outcomes, institutional relations, as well as produced data and statistics.

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<sup>2</sup> In particular, the provisions of Law No. 31-13 on the right of access to information, promulgated by dahir No. 1-18-15 of February 22, 2018.

In particular, the Board defines the procedures for disclosing monetary policy decisions, notably through press releases and the Monetary Policy Report. It also approves the Annual Report on the country's Economic, Monetary, and Financial Situation, and on the Bank's Activities, which is presented by the Governor to His Majesty the King before being published on the Bank's website and in the official bulletin. In addition, this report is broadly disseminated among the Bank's key partners.

The Bank's transparency policy is outlined in a dedicated charter and undergoes an external assessment at each strategic cycle, taking into account developments in the Bank's activities and in stakeholder expectations.

### **Article 9: Risk management, control et audit**

The Bank defines the principles, organizational framework, and necessary measures to ensure the proper functioning of its internal control system across all its components: control environment, risk management, control frameworks, information and communication, and steering. The system's maturity level is regularly assessed, with a target maturity level established to effectively optimize operations and ensure their compliance, as well as to guarantee information security and reliability. This assessment is subject to review by the Board.

The Bank establishes and implements structured and formalized mechanisms for the management of operational, financial, strategic and reputational risks, in line with its objectives and risk appetite. These systems along with the analyses they produce are subject to the validation of the Board.

Controls and audits are conducted effectively and efficiently according to a risk-based approach, in order to add value to the Bank.

In particular, the Bank ensures proper articulation between the various levels of control, whether internal or external. The Board examines and approves the internal control and internal audit charters, as well as the annual internal audit program.

### **Article 10: Ethics**

The Bank ensures that a strong ethical culture is embedded both internally and in its relations with its partners.

The Bank thus sets a structured ethics framework, developed and updated through a participatory approach. It comprises, notably, codes of ethics and deontology as well as an anti-corruption policy applicable to the Bank's Board members, Government (Wilaya) and staff.

A whistleblowing mechanism allows for the identification of infringements to the Bank values and ethical rules.

### **Article 11: Corporate social responsibility**

The Bank adopts a structured and formalized corporate social responsibility policy. Accordingly, it incorporates economic, social and environmental considerations in its strategy, activities and decision-making processes, as well as in its relations with stakeholders.

It ensures the effective implementation of the said policy.

### **Article 12: Skills development**

The Bank acknowledges that the skills and expertise of its employees are essential to the fulfilment of its missions and the achievement of its objectives.

As such, it is committed to the ongoing personal and professional development of its staff, particularly through tailored training programs.

### **Article 13: Simplification of administrative procedures and formalities**

The Bank ensures the simplification of its administrative procedures and formalities related to the services it provides to the public, in compliance with the applicable legal and regulatory provisions<sup>3</sup>.

### **Article 14: Review**

The Office in charge of governance coordination monitors the implementation of actions deriving from this instruction. It conducts a biennial review to ensure the instruction's relevance in light of developments in the Bank's internal and external environments.

### **Article 15: Publication**

This instruction is published on the Bank's website.

### **Article 16: Date of entry into force**

The provisions of this instruction shall enter into force as from the date of its signature. They abrogate and replace those approved by the Board at its meeting on September 22, 2015.

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<sup>3</sup> In particular, the provisions of Law No. 55-19 on the simplification of administrative procedures and formalities, promulgated by Dahir No. 1-20-06 of March 6, 2020.