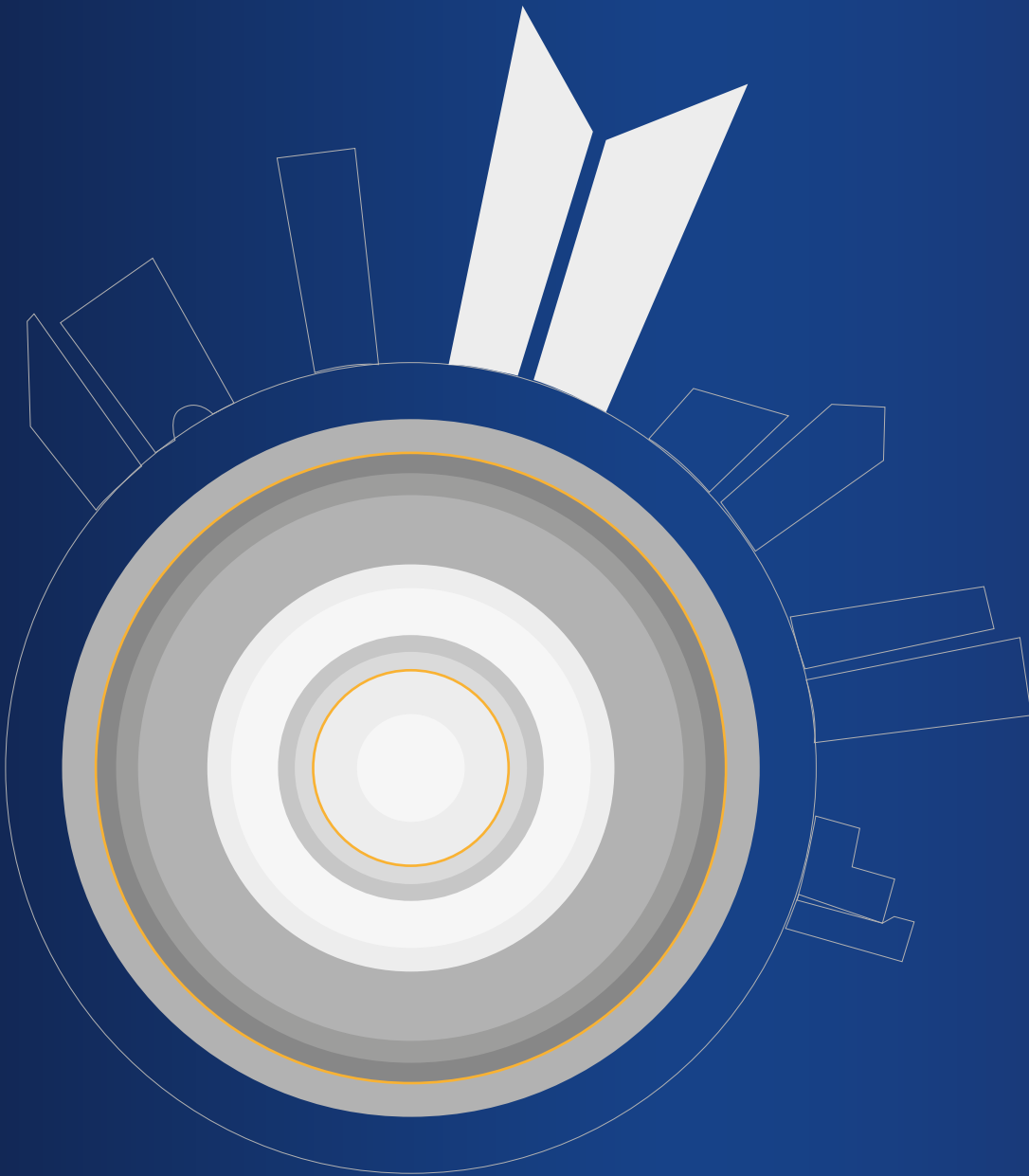




مصرف الشارقة الإسلامي  
SHARJAH ISLAMIC BANK

# 2021

## ESG Report



## Annual Sustainability Report

Sharjah Islamic Bank (SIB) Strategy Roadmap aims to build new capabilities and ensure to maintain its commitment towards a sustainable approach. The efforts made were positively reflected in supporting the bank's orientation to keep pace with global economic transformations and achieve a knowledge - based competitive economy, despite the unprecedented circumstances due to the Covid - 19 pandemic.

SIB has always taken responsibility for ensuring that its operations comply with Sharia'a principles, are in the best interest of its customers, and contribute positively to its surrounding environment in terms of Environmental, Social and Governance (ESG) responsibility. We have focused on integrating ESG principles into our business practices to keep us at the forefront of societal change. Leveraging our entire business platform to help create the conditions for environmental health and inclusive economic outcomes.

We strive to lead by example, not just by working on this initiative independently, but also by engaging our customers, partners, investors and community towards this cause to create a better tomorrow for the generation to come.

As a bank, we understand the importance of economic activity in this fast-paced, entrepreneurial dominating world, but we also accept our societal role in encouraging responsible investments and adopting best practices that are beneficial for the upkeep of our ecosystem.

## Reporting Criteria and Scope

The objective of this report is to present the summary of our sustainability performance, defined by our sustainability framework in the best interests of our valuable stakeholders. This report presents the significant ESG issues and impacts of our activities during the fiscal year.

The report highlights SIB's key sustainability initiatives and practices along with our environmental, social and governance achievements for the year 2021. The report covers our operations in the United Arab Emirates. All monetary values in this report are presented in Dirhams (AED) unless otherwise stated.

## We value your feedback

If you would like to contact SIB please share your thoughts with Mr. Hassan Al Balghouni. Head of Corporate Communication at Hassan.Abdalla@sib.ae and alternatively, we welcome you to connect with our enthusiastic team through any of the below listed platforms.



Email:

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## CEO'S MESSAGE

### 1.1 CEO'S MESSAGE

#### High liquidity and strong capital base

The year 2021 was an exceptional year for all sectors within UAE. The continued economic recovery and digital transformation will continue to drive the UAE banking sector with sound capital buffers, a stable funding profile, and economic support by the government. The economy is cautiously returning to normal with the importance of taking precautions in light of the presence of many future challenges. The bank enjoys a high liquidity and a strong capital base, reflecting our success in upholding a sound credit portfolio and overcoming the challenges of the pandemic.

We have worked in line with the UAE's vision for the post - Covid -19 pandemic, to normalize as quickly as possible, and to embark on a more refreshed, stronger and prosperous life, This includes preparing SIB employees and our youth to coexist with the current circumstances, to create new opportunities in cooperation with our stakeholders, while maintaining the bank's noble values and principles.

We implemented a comprehensive social impact methodology, which goes beyond the traditional financial sponsorship in line with National Agenda to make a real community impact. With over AED 79 million contributed to social support in 2021, our commitment towards the society is greater than ever. We have taken up several initiatives including educational, sports, environmental and cultural sponsorships to support the community.

Sharjah Islamic Bank (SIB) strives to enrich the lives of our customers, communities and colleagues. Therefore, our success is not only measured by our financial performance, it is also measured by the extent to which we do what is right, today and in the long term.

We will continue to invest in what matters, further align societal progress with business performance, deploy our resources, and leverage the talent of our colleagues to contribute more towards sustaining our environment, serve the Society and strong Governance of our institution.

I want to thank all our stakeholders for your trust and support, and our colleagues for their tremendous efforts in a challenging year.

**Mohamed Abdalla,**  
Chief Executive Officer

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# 1. Sustainability at Sharjah Islamic Bank

## 1.2 ABOUT SIB

Sharjah Islamic Bank (SIB) started servicing the society in 1975 providing financial services to the retail and corporate segment. The bank, originally founded as National Bank of Sharjah, was the first bank to convert to Islamic Banking in 2002.

The conversion from conventional to Islamic banking was a major milestone for the bank. Not only were specialized products and services modulated for customers, but the bank's entire organization was converted from conventional to a Sharia'a compliant financial institution. SIB offers customers a broad range of Sharia'a compliant retail, corporate, and investment services through an extensive network in the UAE.

## 1.3 SIB'S VISION

To be the bank of choice, delivering creative customer solution based on Islamic principles of partnership, trust & equality for all.

## 1.4 SIB'S MISSION

Our mission has multiple dimensions aimed at communicating with all of our different audiences:

**Customer:** Add value by managing and enhancing individual customer experiences and providing creatively inspired solutions.

**Associates:** Be the employer of the first choice in the UAE by providing a culture of knowledge sharing, teamwork, respect, leadership and initiative.

**Shareholders:** Create sustainable growth for our stakeholders.

**Society:** To promote the development of our society by fostering the principles of social responsibility enshrined in our vision statement.

## 1.5 OUR PRESENCE

Head Office

**SIB HO, Al Khan, Sharjah**

Branches

**35**

ATMs/CCDMs

**ATM: 122 Machines**

**CCDM: 51 Machines**

Geographic Coverage (UAE)

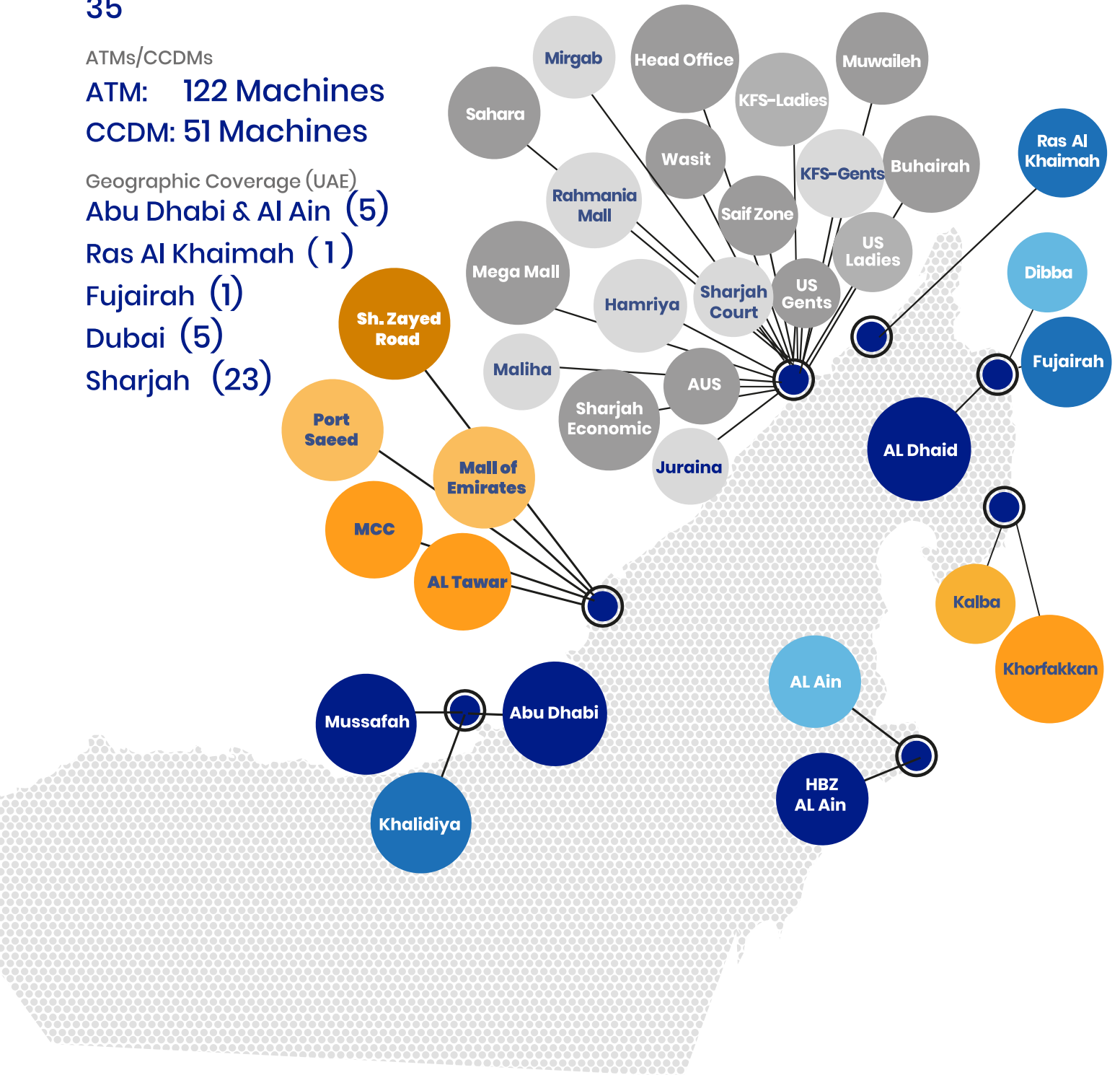
**Abu Dhabi & Al Ain (5)**

**Ras Al Khaimah (1)**

**Fujairah (1)**

**Dubai (5)**

**Sharjah (23)**



# 1. Sustainability at Sharjah Islamic Bank

## 1.6 KEY FINANCIAL INDICATORS OF 2021



Total Assets  
55 BN



Liquid Assets  
14.3 BN



Net Customer Receivables  
29 BN



Investment Securities  
6.3 BN



Customer Deposits  
38.5 BN



Shareholder's Equity  
7.7 BN



Operating Profits  
850.7 MN



Provisions  
244.5 MN



Net Profits  
514.1 MN

- Sharjah Islamic Bank (SIB) recorded an increase of 26.7 % in the profit reaching at AED 514.1 million for the year ended 31 December 2021 compared to AED 405.8 million for the year 2020.
- Total operating income for the year ended 31 December 2021 reached at AED 1.43 billion as against 1.26 billion in the same period ended 31 December 2020, an increase of 13.4 % or AED 168.3 million.
- Net operating income, before impairment of financial asset, increased by 21.9% reaching to AED 850.7 million as compared to AED 697.7 million in similar period of 2020.
- Capital adequacy ratio stands at 20.84% for the year ending 31 December 2021
- Total regulatory capital base stood at AED 7.9 billion

### Social contributions

- The Bank has made social contributions of AED 66.0 million (2020: AED 62.3 million) from the zakat fund.
- The Bank during the year has also made a social contribution of AED 7.5 million (2020: AED 9.9 million) as donations and charities.
- The Bank further made social contributions of AED 1.2 million (1.9 :2020 million) as sponsorships to universities and other public service organisations.

## 1.7 SIB AT A GLANCE

### MARKETS, OFFERINGS AND CUSTOMERS

SIB offers a full range of Sharia'a Compliant products through three main business divisions:

#### Retail Banking Group - (RBG)

- Comprehensive Sharia'a compliant services, including general Islamic banking, personal finance and financial advisory. All products are based on strict Islamic principles.
- Extensive customer coverage network with 35 full service branches, 122 ATMs, and 51 CCDMs across the UAE. Distribution channels augmented through internet and phone banking.
- Client segmentation, through Priority Banking platform, to enhance service delivery.
- More than 200,000 customers; Launch of Islamic Credit Cards to compete with lifestyle products.

#### Corporate Banking Group - (CBG)

- Caters to clients ranging from small and mid-size corporate entities to public sector organizations and government related entities.
- Services include short and long-term financing, trade services and cash management. Customized solutions in relation to financing, investments, risk management, working capital and international banking are provided.

#### Investment Group - (IG)

- Has three main business divisions: Investment Banking, Financial Institutions and Treasury.
- Comprehensive investment banking platform including structuring, underwriting and corporate advisory.
- Strong network of financial institutions and investment sources across five continents.
- Executes SIB's investment, asset and geographic diversification drive (through proprietary investment portfolio) while managing the Bank's liquidity. Treasury division offers various investment vehicles to its clients, including FX and commodity transactions.

## 1.8 SIB'S STRATEGIC GOAL WITH REGARD TO SUSTAINABILITY FOR Y2022

### Our Approach to Sustainability

We believe that sustainability and economic growth are inherently linked, and we can play a key role in fostering both. Our clients face challenges in their business operations in a landscape where climate risks are growing, stakeholder expectations are evolving and there is ambiguity in the energy transition process. We are working to integrate sustainable finance across our business through our lending and investing platforms. We continue to improve on how we assess environmental risks and opportunities in our lending portfolio and help our clients identify their role in the economy and navigate the evolving ESG landscape through our products and services. SIB efficiently manages its operations through sustainable business practices based on vigilant reviews of the operating processes by the Organizational Excellence Division to streamline operations, enhance process efficiency, ensure optimum utilization of available resources, control the bank's operational costs and fulfil the social responsibility by revolving all its decisions around the best interest of the community.

### Governance, Ethics and Compliance

SIB believes in a strong governance framework; to nurture the value of sustainability and empower its stakeholders to gain from their ethics. The Board of Directors and management of SIB are committed to corporate governance. We have developed our corporate governance policies, principles and practices so that we are focused on our responsibilities to shareholders, and customers on creating long-term shareholder value. Our bank acknowledges the long-term advantages of adopting a sustainable approach of functioning which is not limited to reducing risks, attracting new investors and shareholders, and aggregating the bank's equity.

### Employees

At SIB, we are dedicated to providing our people with an inclusive environment where they can engage in meaningful and fulfilling work. SIB views its people and their orientation in being associated with brand/ employer that care about the impact their business is making on the environment. Our ability to attract retain the best and diverse talent is imperative in maintaining our status. As people are poised to work for organizations that conform with their values, we at SIB believe it is our drive to empower employees to grow their talents and create an impact in their work and in their communities.

### Environment, Health and Safety

SIB strives to accomplish long-term progress and sustainability harmony and fair consideration towards its people, planet, and profit. Our bank emphasizes strongly on the safety, health and welfare of its people and this is evident in its consideration & Compliance to the best practices of work focusing on minimizing environmental impact. The evolving expectations of stakeholders and the effect of the pandemic are both prospect for SIB in helping to create effective business solutions to support climate mitigation. At SIB we continue to evolve our environmental strategy so that our work results in significant action on climate change and the advancement of low-carbon solutions for a future economy that is viable and sustainable.

### Product Responsibility

SIB longs to attain the right equilibrium between social, economic and environmental obligations through exercising a responsible approach of product development. This includes its pattern of being closely involved even with its partners, vendors & suppliers to ensure the third party practices are trust worthy and committed to integrated and sustainable development of products. At SIB, we have a range of products that are specially designed to support the social causes, close to community that foster education, social welfare and environmental care.

### Supply Chain

SIB advocates the school of thought that a sustainable supply chain creates value-adding prospects and provides a competitive edge for process innovators. SIB's functions revolve around enhancing the process efficiency mainly through eliminating waste, reducing cost, diligent risk assessment and being environment friendly. We are committed to utilizing our influence to drive robust ethical, social and environmental performance across our supply chains. We aim to source products and services from suppliers who share our values and display responsible practices through sturdy sustainability programs.



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# 1. Sustainability at Sharjah Islamic Bank

## 1.9 STAKEHOLDER ENGAGEMENT

Stakeholder Group	Description	Activities & Engagement
Communities	Most Government Departments	Interaction with governments
Customers	+295,000 customers	Customer Advisory Council
Employees	+1000 employees	Town Hall Meetings & Surveys
Suppliers	+1686 active suppliers	Green Supplier Network Sourcing
Investors	+3000 shareholder investors +200 individual Sukuk Investors	Corporate Governance/Reporting

## 1.10 AFFILIATIONS AND MEMBERSHIPS

Sharjah Islamic Bank (SIB) has relationships with a number of organizations related to various aspects of sustainability, SIB truly values the direction laid out in the form of sustainability criteria by the affiliation and memberships bodies endorsing sustainability. One of our bank's objective of Y2022 is to apply for a reputed local or international affiliation and to ensure our utmost compliance to these standards. This is in line with SIB – Corporate Communication functions strategic vision to demonstrate our commitment to the cause which is evident in the form of our internal practices.

Under each of these areas, the Divisions scans the environment, takes inputs annually from respective stakeholders and prepares a detailed plan for management including the programs and costs.

The CSR division collects perceptions from all stakeholders and the community in general every year to ensure that the bank is meeting the expectations of the society.

Moreover, KPI's have been identified for each program particularly in terms of number of beneficiaries, satisfaction etc. which is reported to the management.

Clear policies are in place to make sure that support is extended to the most deserving cases, as endorsed by the Government of the UAE.

CSR initiatives reported monthly to the senior management. Beneficiaries of SIB's CSR initiatives regularly honor the bank for the support extended. "Social Responsibility" is one of the Core values of SIB adopted in 2014.

### 2.1 CORPORATE OVERVIEW

The Bank is engaged in banking, financing and investing activities in accordance with its articles of incorporation, Islamic Shari'a principles and regulations of the UAE Central Bank, which are carried out through its extensive branch network in the United Arab Emirates. A Fatwa and Sharia'a Board comprising of several renowned Islamic scholars and specialists in Islamic law and banking are available to advise on product development and oversee training and to ensure that offerings conform to the highest standards within the regulations of Islamic finance. Clear segmentation strategies are in place to understand the varied needs of SIB's customers and constant touch is maintained with them to understand their preferences and experiences. SIB has been in the forefront of launching innovative products and processes that has led to the rapid increase in the bank's acquisitions. It employs 1222 associates and has surpassed Emiratization target points. Our Corporate Values and the Culture that we carefully maintain is what makes SIB Different. To quote our CEO Mr. Mohamed Abdalla "We believe that people are equally important as profits".

SIB's story is incomplete without covering the spectacular success it has had in the SUKUK market. From being the issuer of the first rated SUKUK in the GCC, SIB has consolidated its position as a leader in this market. The geographies tapped by the bank include GCC, MENA, South Asia, South East Asia and North America.



#### SIB's commitment towards sustainability revolves around the below Strategic Objectives

- Maximise value for the Bank's shareholders
- Maintain conservative attitude to risk
- Provide exceptional customer service
- Build a strong brand
- Diversify revenue stream
- Maintain a strong capital base & robust asset quality
- Pursue expansion in the UAE and internationally
- Capitalize on growth of Islamic banking industry

## 2.2 AWARDS AND RECOGNITION



Award	Year
Sharjah Economic Excellence Award	2003/2005/2008/2017
Human Resources in Banking Sector Award	2003/2005/2006
Highest Emiratization in private sector institutions in the Gulf Cooperation Council	2006
Dubai Award for Human Resources Development	2006/2007/2011/2016
"Wachovia" Award	2004/2005/2006/2007
Best Emirati CEO Award (H.E. Mohamed Abdalla)	2007
Sheikh Mohammed Bin Rashid Al Maktoum Business Award	2009/2010/2015/2018
Dubai Quality Award	2008
"Best Islamic Bank Contribution" in the Mediterranean Region	2012
Frobs Award for Most Powerful CEO in Financial Markets. (H.E. Mohamed Abdalla)	2012
Best "Customer Service" Center in Middle East	2012
Sheikh Khalifa Award for Excellence	2012/ 2019
Best Sukuk Structuring House	2013
Best Customer Relationship Management in the Middle East Award	2014
Best Sukuk Structuring Islamic bank	2015
Best Islamic Bank in the UAE	2016
Best Voice of the Customer Program" at the Middle East Call Centre Awards	2017
Sharjah Award for Voluntary Work	2003/ 2016/2017/2020

## 2.2 AWARDS AND RECOGNITION



Award	Year
Acknowledged by Abu Dhabi Securities Exchange for being one of the first five listed companies to disclose their financial statements for the second and third quarters of 2017	2017
Business Excellence 2017 (the world confederation of business recently)	2017
Best Emiratization CEO award (banking and financial sector)	2017
Human resources development award (banking and financial sector)	2017
ISO 27001 certification- "Information Security Management System"	2018
Commercial Market Award (ASAS Real estate-the property arm of SIB)	2018
UAE Emiratization Award (Large enterprise Class)	2018
Dubai Service Excellence Scheme Award, Best commercial brand for the year in the service sector	2018
Brokers evaluation program award - 5 stars (Sharjah Islamic Financial Services a subsidiary of SIB)	2019
International finance Award, To categories: Best Islamic Bank Most Innovative Digital Bank	2020
Sharjah Islamic Bank wins Sukuk Deal of the Year 2020 Award	2020
Sharjah Islamic Bank wins CEEMEA Financial Institution Deal of the Year	2020
SIB wins the Best Service Performance Brand Award for 2020	2020
SIB named as one of Forbes 100 most powerful companies in Middle East	2021

### 2.3 MILESTONES

We have several **1st** to our Credit.

- **We are the first bank in the world to convert to an Islamic banking model.**

In 2001, Sharjah Islamic Bank became the first bank in the world to convert to an Islamic banking model, offering specialised products and services modulated for customers. The bank's entire organization remodelled to run under Islamic regulations

- **We are the first bank to issue a rated Sukuk in the GCC**

Sharjah Islamic Bank issued its first premier sukuk in Sharjah in 2006. Since then, the Bank has issued seven more, launching its most recent 500\$ million five-year sukuk in June 2020 with a profit rate of 2.85 % per annum.

- **We were the first Islamic Bank to embrace Samsung Pay**

In 2017, SIB became the first Islamic Bank to partner with Samsung Pay. Sharjah Islamic Bank customers may now use Mastercard Debit, Credit, or Prepaid Cards to make payments across the UAE using compatible Samsung phones.

- **We were the first bank to offer ATM services for visually impaired and physically challenged customers**

- ▶ **In 2008**, the first ATM was installed for people with special need at Al Thiqa Club for Handicapped.
- ▶ **In 2018**, first ATM in the Middle East with Artificial Intelligence technology was introduced to meet the needs of people with visual and mobility impairment at Sharjah City for Humanitarian Services.
- ▶ **In 2019**, first ATM serves two categories of people with disabilities: visually impaired people and others with motor disabilities at General Directorate of Residency and Foreigners Affairs Dubai.

- **We were the first to link Debit card rewards for the treatment of Cancer patients**

SIB became the first bank in the Middle East to carry out their banking transactions in the most autonomous and user - friendly way possible. SIB has donated a percentage of the amount spent by its customers to cancer patients, through its partnership with Friends of Cancer Patients (FoCp). The donation is a contribution from the bank and incurs no fees on customers and is an initiative to provide treatment and support for those battling cancer in the UAE.

# 3. Governance, Ethics and Compliance






## 3.1 CORPORATE GOVERNANCE

SIB applies the principles of good governance across each of its business functions				
Corporate Governance Principles	Board Committees			
Chairman of the Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Nomination & Compensation Committee (NCC)
Clear segregation of functions of Board and Management				
CEO attends Audit Committee meetings as an invitee only				
Ensure conflicts of interest are managed	Management Committees			
Independent Internal Audit, Risk Management, Compliance, and Sharia'a Control	Investment Committee	IT Steering Committee	Asset & Liability Committee	Management Committee (MANCOM)
Independent Internal Sharia'a Supervisory Committee				
<ul style="list-style-type: none"> <li>Corporate governance policy framework established in 2007</li> <li>Effective controls, procedures and policies ensure compliance regulatory and legal requirements</li> <li>Strategic and Business plans reviewed regularly, in the line with suggestions from Management and Board of Directors.</li> <li>Sharia'a compliance oversight undertaken by Supervisory Board.</li> </ul>	Credit Committee	Human Resources Committee	Information Security Working Group Committee (ISWGC)	

The Governance at SIB has been structured to support the Board and the Board Committees in their oversight function of the risks inherent in the businesses and functions across the bank, with the objective to balance our risk and return. Hence, a key component of SIB's risk culture is the ownership of risk by all relevant business groups and support functions who serve and are part of the "Three Lines of Defence".

Environmental and Social (E&S) risks are rapidly evolving, and SIB acknowledges that it is responsible for identifying and managing adverse E&S risks and impacts. E&S risks are managed through related business-segment-level policies and procedures across the enterprise. We are working to integrate sustainable finance across our business through our lending and investing practices. We continue to improve on how we assess environmental risks and opportunities in our lending portfolio. The business segments ultimately are responsible for the risks within their respective portfolios and responsible for monitoring performance according to and in compliance with financing policy.

### Corporate Values:

<p><b>Bonding and Harmony</b></p>  <p>Treating one another with dignity and respect irrespective of nationality and rank</p> <p>Sharing each other's Happiness and grief</p> <p>Reaching out to understand and support each other</p>	<p><b>Compliance</b></p>  <p>Ensuring that processes and standards are followed with the highest quality and accuracy</p> <p>Following the Code of Conduct</p> <p>Adhering to Shariah Standards</p>	<p><b>Learning and Self-Development</b></p>  <p>Constantly striving to upgrade oneself</p> <p>Sharing knowledge and best practices</p> <p>Striving to become an ambassador of the Bank and its values</p>	<p><b>Social Responsibility</b></p>  <p>Taking initiative to support the local community</p> <p>Supporting and nurturing young UAE Nationals by coaching and mentoring them</p> <p>Making environmental protection a priority</p>	<p><b>Creativity and Innovation</b></p>  <p>Finding new ways to do things to accelerate our growth</p> <p>Constantly striving for process and product improvements</p> <p>Seeking benchmarks and stakeholder perceptions to make things better</p>
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## 3. Governance, Ethics and Compliance

### 3.2 ETHICS AND COMPLIANCE

Sharjah Islamic Bank (SIB) performs all its activities in accordance with the Central Bank guidelines (CBUAE). Additionally, SIB is listed on Abu Dhabi Stock Exchange which has a robust compliance structure that facilitates Corporate Governance and process management.

#### SIB's Competitive advantage

- **Steady growth** – In the current macroeconomic environment Sharjah Islamic Bank has remained strong with a low Non Performing Loans (NPL) ratio in comparison to its peers due to its prudent Risk Management policies. This coupled with a strong and loyal customer base, acquisition strategy harping on innovative products, and processes have led to a steady increase in SIB's acquisition and profits.
- **Strong Capital Base** – SIB's Capital Adequacy ratio is one of the highest in the country and is way ahead of the industry benchmark. This makes SIB one of the well capitalized Islamic bank in the region and has helped the bank to maintain investment grade credit rating of BBB+.
- **Robust Operational Capabilities** – By adopting a robust process management system empowered by clear strategic direction and stringent regulatory compliance, SIB has always managed to keep its Operational Losses below the industry benchmark and internal targets, which is commendable. Risk Management, Internal Audit Division and the Shariah Board supported by External auditors ensure that process management is carried out with maximum compliance. IT investments in software that enhances productivity, efficiency and risk management are ongoing.
- **Empowered Associates** – SIB enjoys one of the lowest employee turnover rates in the industry. It has highly satisfied and competent associates who are fully engaged in the processes of fulfilling the bank's Vision, Mission and Values. In order to provide a more efficient training to its staff, SIB established a dedicated Learning & Communication team (L&C) which reviews staff performance and identifies areas of improvement.
- **Business Excellence Drive** – SIB's Management's quest for excellence has led the bank to win multiple Business Excellence awards in the region. MRM (4 times), SKEA, SEEA and the Dubai Quality award are some of the accolades it has won. This drive has led to continuous improvements.

Financial Control reports are prepared and Reviewed in compliance with the Central Bank, Sharia'a Board and the IFRS 9. Appointed external auditors audit the bank's financials annually. Central bank audits occur every one to two years. Reviewing actual performance versus budgeted performance is reviewed daily, weekly, monthly, quarterly and yearly. The financial position and performance of the bank and its business segments are timely and carefully reported to ensure resource optimisation.

To ensure sustainability, SIB has adopted a strong Corporate Governance (CG) Framework approved by its Board of Directors. Risk Committee and Audit committee are in place. SIB's CG principles, codes, manuals and policies form the basis of its CG Policy Framework. Frequency of reporting, compliance to standards and accuracy of reporting are reviewed.

### Human Capital Planning

As HR-Recruitment & Emiratization of SIB; we ensure that we utilize diverse sourcing channels towards recruiting the right talent, and onboard them through set of best practices induction program. While implementing these practices the bank ensures that associates are equipped with the needed skills sets as they are considered the greatest asset for the bank. The banks ensures via various practices optimizing employees' productivity and high engagement levels.

Organization structure is reviewed every year by Organizational Development and several improvements have been made. Span of control, elimination of redundancies, automation opportunities etc. are factored in. Apart from Manpower planning, we have two Continuous Development Programs (CDP) Massar and Ruwaad. Succession planning for the TMT is managed directly by the CEO with inputs from the BOD. CDP's are assessed by growth and -360degrees feedback. Improved mentoring practices and Profile XT are being used

### 4.1 Assessment and Development TALENT MANAGEMENT

SIB has a dedicated Learning and Development function under the wing of Organizational excellence which has won several notable awards. Their interventions have led to a competent and engaged workforce that is leading SIB's drive to excellence. Several interventions like e- learning, virtual learning as well as classroom sessions, On the Job Training, External Events (Trainings & Conferences), etc. are in place. New Managers (recently promoted staff – as first time managers) and New joiners are provided with specific interventions. Any associate who scores below "3" is inducted into a specialized competency improvement program that lasts 2 months. Annual Performance Needs Analysis, Outcome measures like branch performance, errors. etc., Fusion system, Competency scoring guidelines (behavioral indicators), The Kirkpatrick model of training evaluation etc. are our on- going improvement practices.

#### Achievement of L&D function during Y2021:

- % of associates improved in performance = 99 %
- Passing of Confirmation exam = 100 % (46 new joiners)
- Number of associates Trained = 1,263
- Number of courses conducted = 1,277
- Trainee Satisfaction = 99 %
- On the Job Training analysis
- No. of OJT attended: 36
- No. of Hours: 179
- Total no. department visits: 104
- % of satisfaction: 100 %
- Total hours of employee trainings = 32,601 Hours

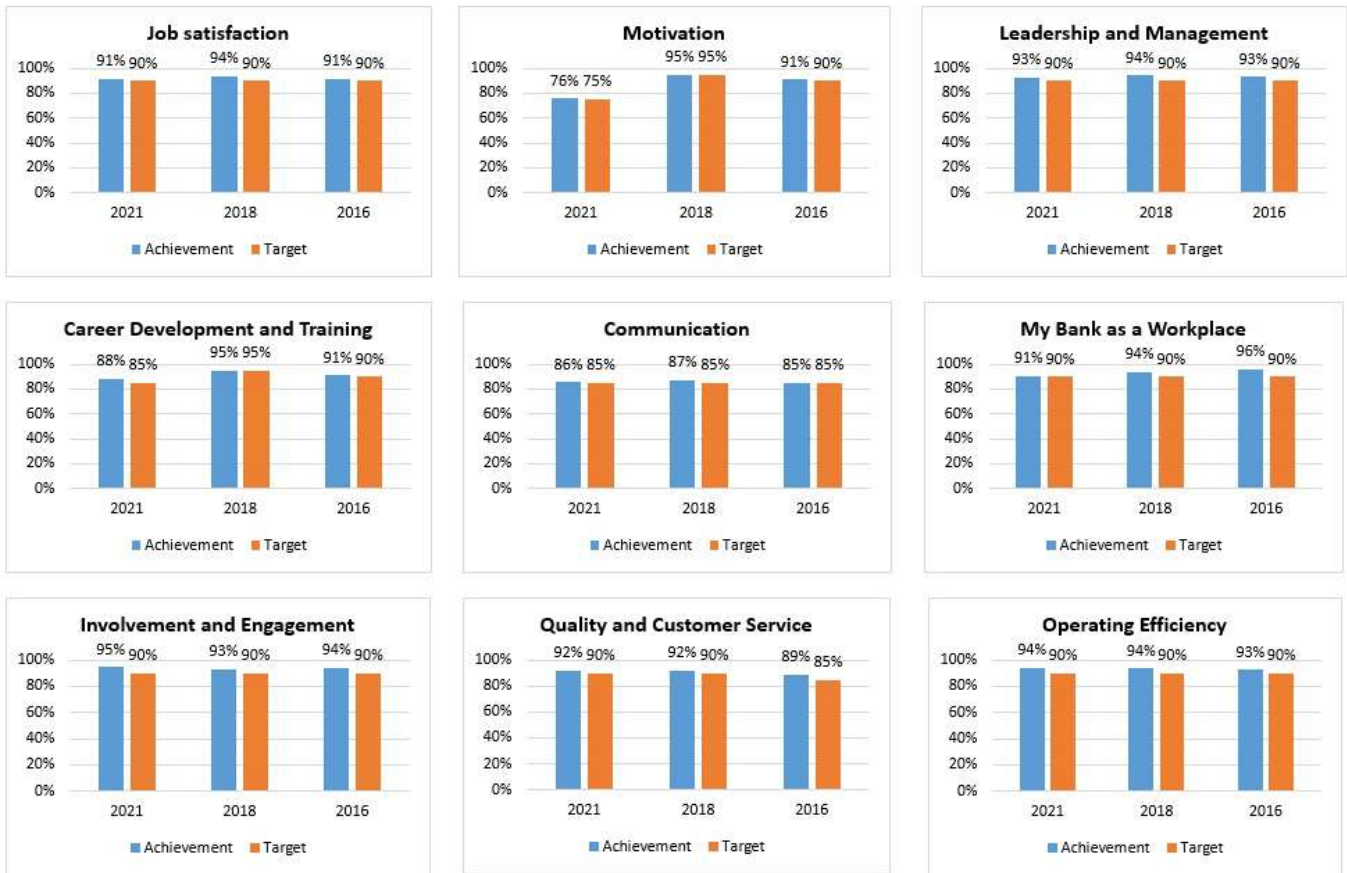
### 4.2 COMPENSATION AND BENEFITS

A fixed bonus, multiple of basic salaries, is paid on an annual basis. Pay and Benefit policies are regularly reviewed against market norms and benchmarks. Several improvements to allowances have been made. Satisfaction is measured regularly.

### 4.3 EMPLOYEE ENGAGEMENT

The Employee Satisfaction survey is conducted every 2 years. Stakeholders are held accountable for implementing action plans identified to improve perceptions. The HR committee is responsible for this strategic KPI.

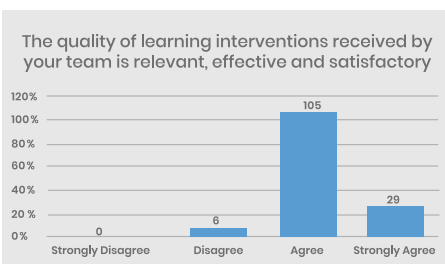




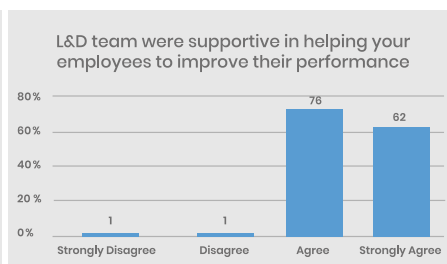
L&D conduct a satisfaction survey during the last quarter of every year to ascertain if our people are satisfied with our services.

We are following the -3Level approach (Kirkpatrick Evaluation Model) to measure the impact of the L&D interventions and below is the results for Y2021:

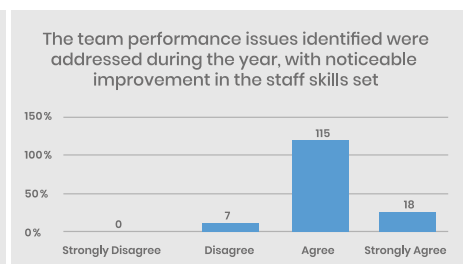
- Level 1: Reaction (Staff Satisfaction) – %96**
- Level 2: Learning (Line Manager Feedback) – %99**
- Level 3: Results (improved business results) – %95**



96% (134 out of 140 line managers) agreed that the quality of learning interventions were relevant and effective.



99% (138 out of 140 line managers) acknowledged that the L&D team were supportive during the processes.



95% (133 out of 140 line managers) agreed that their team members' performance issues were addressed and have noticeable improvement.

## 4.4 WORK/LIFE BALANCE

Work timings are from 7:30 to 3:00 PM / 8:0 to 3:30 PM providing a staggered start and finish, with Branch timings based on location and operation. This is done in support of the protocol during the pandemic. There is a provision of 2 permissions every month for personal reasons offered to the employees. Maternity Hour, Hajj Leave etc. are given. Associates are provided with mobile access / work from home access to support critical business requirement. Work life balance is assessed through the satisfaction survey, focus Group and exit interviews. Employees are also encouraged to avail 50% of their annual leave as core leave to ensure a reasonable break from work within the year to revitalize.

## 5. Environment, Health and Safety

### 5.1 ENVIRONMENTAL PERFORMANCE

For environmental sustainability, SIB has implemented several innovative approaches to reduce electricity and water consumption, increase recycling and ensure safe and secure disposal of assets. The below results highlight few of the key measures as well as the results:

#### WATER CONSUMPTION GLN

2021

Total Actual all Branches Consumption	2,527,997
Per Employee Consumption	2,068.73

#### ENERGY CONSUMPTION KWH

2021

Total Actual all Branches Consumption	12,804,197
Per Employee Consumption	10,478.06

SIB witnessed changes in its energy consumption during Y2021 owing to the digitization drive in the organization. Further, the transition that came in the form of rolling out of digital services also saw a significant reduction in use of paper through removal of physical document requirements and implementation of e - services.

The bank sees different business related conditions as an opportunity that came in the interest of the community and cause of sustainability in some way, with an attempt to keep the perspective positive. Tracking such metrics helps us to understand and measure our consumption levels and scope for improving our activities to help minimize depletion of resources.

### 5.2 HEALTH AND SAFETY PERFORMANCE

SIB has a security department, responsible for the Health & Safety aspect of the bank. Each of the Safety and Security processes have in -built review structures.

Physical security is compliant with ISO 27001 standards.

There is a strong focus on reducing adverse impact on the environment and public health. Drills are conducted regularly in association with Civil Defense and Staff are given First Aid and Fire safety trainings. Access control, Branch security control, COCTV, Asset protection etc. are managed by the security team.

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## 6. Workplace Environment

Our goal at Sharjah Islamic Bank is to foster a culture of inclusion and provide a working environment that is supportive of all of our colleagues – where every employee has the opportunity to realize their potential to the fullest.

### 6.1 DIVERSITY

As we endeavor to succeed in achieving the target points set by Central Bank for each Bank every year, SIB too has its target, which is %25 and to achieve this we had capped each nationality (with the exception of UAE) to the maximum of %25 in each division. Our primary focus will be on hiring UAE Nationals as potential candidates for vacancies in SIB.

SIB has always strived to maintain gender equality in the workplace in order to nurture an organizational culture capable of harnessing the power of both genders. This is in line with the wise guidance of the UAE leadership which has always enabled women in the UAE to enjoy the same constitutional rights as men. They have access to education, jobs, social and health benefits and hold significant positions in the private and public sectors.

SIB's focus on gender diversity is also focused on the following perspectives:

- Enhanced collaboration
- Improved staff retention
- A better reflection of the bank to our customers
- Improved recruitment and reputation

### 6.2 QUALITY AND SAFETY

While employee safety has always been a priority for SIB, the pandemic has brought this aspect into greater focus for the bank over the past year. The bank is fully investing in ensuring to have processes in place to manage the employee wellbeing and safety. Some of the measures adopted by the bank in this context are:

- Installation of thermal imaging cameras at all entrances of the bank's premises including branches
- Frequent temperature checks of employees during the day
- Educating and acclimatizing the staff periodically on:
  - Mask wearing
  - Social distancing
  - Cleaning, hygiene and handwashing
- Ensuring a fair percentage of staff works from home
- Staggered timings to avoid crowding at entrances, elevators etc.
- Frequent sanitization of work areas
- Curbing entry at congregation points such as pantries
- Mandatory vaccination or weekly submission of PCR results.

### 6.3 EMPLOYEE SUPPORT

SIB has a detailed and updated business continuity plan (BCP) in place to weather a wide array of challenges, but none of our protocols fully prepared us for the crisis COVID - 19 created. With COVID - 19, we had a big human element to deal with, How do we keep our employees safe?. However, we did have robust capital reserves, good-quality assets, workforce that extended its full support and dedication to weather this storm, including a culture that values risk management.

#### Helping Our Employees Adapt to the Changing Nature of Work:

- Acknowledging the disruption and uncertainty, SIB ensured that there would be no job losses as a result of caused by the COVID - 19 pandemic in 2020.
- We moved employees to remote work with multiple locations in the space of a few days and implemented critical health and safety measures to protect those employees required to be in SIB branches and Head Office.

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## 7. Product Responsibility

### 7.1 PRODUCT DESIGN

Sharjah Islamic Bank has designed multiple products keeping the social wellbeing of Customers in mind. Some of the Key products are:

#### **0 % Profit – Hajj & Umrah Package Finance**

The 0 % Profit – Hajj & Umrah Finance is a first of its kind product launched by Sharjah Islamic Bank not only in the UAE but the entire GCC. The launch of this program aims at making Hajj & Umrah easy and affordable to people hoping to perform this holy pilgrimage.

#### **0 % Profit – Education Finance**

Sharjah Islamic Bank has partnered with notable Educational institutions in UAE to provide access to quality education to deserving students at 0 % profit.

#### **0 % Profit – Medical Equipment Finance**

SIB offers 0 % Profit – Medical Equipment Finance In cooperation with Sharjah City for Humanitarian services for people of Determination (Special Needs) & the elderly.

### 7.2 MARKET INTELLIGENCE AND CUSTOMER INSIGHTS

At SIB, each of our products are carefully designed to meet customers needs and expectations. To ensure this, a detailed marketing intelligence activity is conducted for our proposed products, processes and projects. This entails:

- Identifying the key needs at a societal level and developing products and services to address and solve those needs.
- Gathering information about customer personas and the target audience, in order to determine how relevant, viable and successful our product or service would be.
- Define the metrics that provide Customer Experience (CX) insights at different touchpoints throughout the customer journey.
- Understanding existing products/services of a similar nature offered by competitive banks in the UAE, GCC or worldwide.
- Design thinking Workshops are conducted with a selection of relevant staff to arrive at the proposed Minimum Viable Product.

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## 8. Supply Chain

### 8.1 SUPPLIER MANAGEMENT

Partner centric areas (listed in the overview) are responsible for leveraging partnerships. They are also responsible for segmenting them and managing them effectively. There are standard processes for Vendor qualification, selection and evaluation processes. To derive sustainable benefits, the partnerships are evaluated based on the Annual Maintenance Contracts (AMC). SLAs are reviewed against the terms in the AMC's and partnerships are discontinued or strengthened respectively.

Established networks are in place to identify partnership opportunities. Stakeholders visit exhibitions and forums to become aware of the new entrants and their value propositions. Benchmarking is performed. Partners are invited for Demos and POCs. To derive better value, new partnerships are identified and number of partners invited for proposals etc. To derive long term value. vendors are given detailed trainings on SIB and Islamic Banking Stakeholders seek feedback from partners.

Sharjah Islamic Bank (SIB) has gone beyond its traditional tasks, and actively contributes to serving and meeting the needs of society. This is in addition to sponsoring many events and seminars related to volunteering, thanks to the directives of His Highness Sheikh Dr. Sultan bin Muhammad Al Qasimi, Member of the Supreme Council, Ruler of Sharjah, and the constant support and encouragement of the bank by His Highness Sheikh Sultan bin Muhammad Sultan Al Qasimi, Crown Prince and Deputy Ruler of Sharjah.

The amendments that were made in the process of converting the bank to Islamic banking in 2002 were not limited only to the systems, programs and services, but went even further to enter the core of the bank's vision, mission and values to set and draw up a new road map based on serving the purposes of the noble Sharia. The social responsibility of the bank has been characterized in three main frameworks:

- A professional framework linked to the implications of Islamic banking,
- A charitable framework related to charitable support and assistance, and
- The methodological framework related to community support organized for community activities, events and programs.

In 2018, SIB implemented a comprehensive social impact methodology, which goes beyond the traditional financial sponsorship in line with the National Agenda to make a real community impact. This helped raise the awareness of cooperating entities and resulted in programs that serve the social, cultural and economic goals set by the UAE's government.

Accordingly in 2018, the Bank announced its partnership with the Emirates Economic Planning Forum, the Sharjah Entrepreneurship Festival, The Child Safety campaign, The Government Communication Forum and the Sharjah Institute for Heritage and the Sharjah Scientific Research Award in Islamic Economy.

At the same time, the Bank continues to keep its partnership with the Pink Caravan, the Red Crescent clinics, the Department of Local Affairs and Villages and the General Directorate of Sharjah Police.

SIB continues to hold its annual Ramadan activities and Iftar meals

### 9.1 COMMITMENT

The commitment towards delivery of SIB's Corporate and Social Responsibility (CSR) Strategies and Policies is displayed by direct involvement and spearheading of CSR initiatives by key members of the management committee.

SIB, through its Corporate Communication team, actively participates in community services by providing volunteers, donations, scholarships, and sponsorships, as a part of social responsibility.

### 9.2 SPONSORSHIPS

The Key Result areas defined by the Management for this area are Government Sponsorships, Educational Sponsorship, Sport Sponsorship, Culture and Arts Sponsorship, Environmental project sponsorship, Support for UAE National Development, Donations, Zakat and Programs for associates.

Under each of these areas, the Division scans the environment. Takes inputs annually from respective stakeholders and prepares a detailed plan for the management including the proposed programs and costs.

The CSR division collects perceptions from all stakeholders and the community in general every year to ensure that the bank is meeting the expectations of the society.

Moreover, KPI's have been identified for each program particularly in terms of number of beneficiaries, satisfaction etc. which is reported to the management.

Clear policies are in place to make sure that support is extended only to deserving parties endorsed by the Government of the UAE.

CSR initiatives are reported monthly to the senior management. Beneficiaries of SIB's CSR initiatives regularly honor the bank for the support extended. "Social Responsibility" is one of the Core values of SIB adopted in 2014.

### 9.3 DONATIONS AND SOCIAL PARTNERSHIPS

With over 70 million donated to charity in 2021, SIB's commitment towards the society is greater than ever. SIB prides itself in being "More than a Bank." It has taken up several first of its kind initiatives to support the community. The first ATM for the visually impaired blind and the handicapped was launched by SIB in UAE.

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Accordingly, in 2021, the Bank announced its partnership with the Federal Authority for Identity and Citizenship, Sharjah Equestrian & Racing Club, and Sharjah Ladies Club. At the same time, the Bank continues to keep its partnership with the Pink Caravan, the Sharjah Charity International, the Department of Local Affairs and Villages and the General Directorate of Sharjah Police.

SIB continues to hold its Ramadan activities and Iftar meals in coordination with the Sharjah Charity International, the bank continued to organize the "Merck at Your Door" initiative for the second year in a row to provide Ramadan Iftar meals to needy families in their homes in light of the Corona pandemic.

### 9.4 STANDING BY OUR CUSTOMERS

We are acutely aware that SIB's long-term success as a business depends upon the prosperity and growth of all the communities we serve. The economic fallout from COVID - 19 is intensifying, with businesses and individuals equally impacted.

We facilitated the flow of billions of dirhams in government funds to individuals and businesses impacted by the COVID - 19 pandemic through the Targeted Economic Support Scheme (TESS) that provided support to several customers since inception through installment deferrals, rescheduling, and restructuring on approximately AED 13 billion of total outstanding facilities.

As evident from the tables below, SIB has been increasing its support to the society year after year. The segments given below are a part of SIB's CSR strategy.

Sponsorship type	2019	2020	2021
Gov. Sponsorship	1,123,000	238,000	730,000
Education & Research	739,000	716,000	1,404,485
Sport	1,160,000	230,000	270,000
Humanitarian Aid	4,828,000	5,746,144	3,281,992
Community Initiatives	71,021,421	72,023,911	73,585,486
<b>Total</b>	<b>77,748,421</b>	<b>78,954,055</b>	<b>79,271,963</b>

The key Community Initiatives include the following areas:

- Charity Organizations Hospital & Medical Treatment Support
- Education Support
- Support for the Elderly
- Support for Auqaf Establishments
- Ramadan Distributions



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