



بنك الشارقة
Bank of Sharjah

SUSTAINABILITY REPORT 2023

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Message from the CEO

As we commemorate Bank of Sharjah's 50th anniversary, I take great pride in reflecting on our commitment to not only financial stewardship, but also environmental and social responsibility. The future of our community, and indeed the world, relies on ensuring a sustainable future. We are actively engaged in integrating environmental, social, and governance (ESG) principles into our core business operations.

Throughout 2023, while we continued with our annual CSR commitments and community engagements, we achieved significant milestones. We made strides in improving gender diversity, nearing a balanced ratio within our organization. We also prioritized enhancing ESG awareness across the bank, including the Board of Directors, through tailored training programs.

Recognizing the evolving complexities of the regional and global ESG landscape, we have embarked on crafting a new ESG strategy for the bank. This strategy will be centered around key strategic pillars and aligned with leading standards and best practices. Additionally, we aim to adhere to ISSB S1 and S2 requirements and the Sustainable Finance Principles introduced by the Central Bank of UAE. The proposed ESG strategy is currently under review by the board and will be implemented upon its approval.

In conjunction with these efforts, we have strengthened our annual ESG report by aligning with UN Sustainable Development Goals (SDGs) and incorporating additional Global Reporting Initiative (GRI) disclosures. This underscores our ongoing commitment to not only enhance our ESG performance but also foster greater transparency with our stakeholders.

We firmly believe that by embracing sustainability, we can cultivate a thriving economy, a healthy environment, and a just society for future generations. This commitment is deeply rooted in our core values of ethics, our duty to the the community, and our pursuit of long-term success.

Mohamed Khadiri
Chief Executive Officer



Our GRI reporting scope has expanded for 2023

In our continued commitment to transparency and accountability, we are delighted to present our enhanced Sustainability Report. This comprehensive document serves as a testament to the bank's unwavering dedication to building a more sustainable future. Bank of Sharjah (BOS) realizes that the long-term health of the bank is directly connected to preventing further climate change, as well as helping to preserve the environment through sustainability initiatives. **Based on the goals of the Paris Agreement**, the bank has also dedicated efforts to reducing its own footprint. This has also led to rethinking the bank's methods of operations, to support sustainability and the wider environment.

This report has been prepared in accordance with GRI Standards, in addition to the ADX requirements and the UN Sustainable Development Goals (SDGs). Compared to the previous year, we have added more GRI disclosures while also mapping them to the UN SDGs.

This report summarizes Bank of Sharjah's ESG-related activities from 2023 across all of the bank's branches and offices in the UAE. It also consolidates certain information from the bank's Corporate Social Responsibility Report, Corporate Governance Report, Board Evaluation Report and Financial Report.



Being listed on ADX, BOS is currently complying with the ESG reporting guidelines set out by the authority, which are based on GRI



BOS has been employing the use of GRI disclosures for its ESG reports since 2021. This report further expands the number of Topic Disclosures as listed in the GRI Content Index



Based on the GRI disclosures opted for in this report, we are aligned with UN SDGs on Quality Education (4), Gender Equality (5) and Climate Action (13)



This Sustainability Report has been prepared for the period 01 Jan 2023 to 31 Dec 2023

For the 2023 report, the bank has opted for internal assurance and no external assurance has been conducted.

Our operations span multiple Emirates and services

Founded and headquartered in Sharjah, Bank of Sharjah also has branches across Abu Dhabi, Al Ain and Dubai. As the first commercial bank in Sharjah and a public joint-stock company (PJSC), we have been a key player in the region's economic and social development for decades. Our commitment to growth and stability continues to attract global investments to the Middle East.

As of December 2023, the major shareholders for the bank are Sharjah Asset Management (39.25%) and Al Saqr United Group (9.27%) who account for a total ownership stake of 48.52% for BOS.

SERVICE OFFERINGS

Catering to all financial needs, Bank of Sharjah PJSC serves individuals, businesses, and governments.

Individuals can benefit from various services like current accounts, savings options, loans, payment cards, and more.

Corporate organizations have access to a wider range of solutions, including current accounts, overdraft facilities, financing, guarantees, and wealth management.

GEOGRAPHICAL PRESENCE

The bank is a member of the UAE Banking Federation and has **13 subsidiaries** in the following countries:



UAE



Lebanon



Egypt



Cayman Islands

- EL Capital FZC
- BOS Real Estate FZC
- BOS Capital FZC
- Borealis Gulf FZC
- Polyco General Trading FZC
- Muwaileh Capital FZC
- GTW Holding Ltd
- GDLR Holding Ltd

- Emirates Lebanon Bank SAL

- BOS Real Estate Egypt

- BOS Funding Limited
- BOS Repos Limited
- BOS Derivatives Limited

The bank's values dictate our strategic direction

CSR and sustainability have always been a part of our bank's core values and continue to drive our strategic agenda, social commitments and overall progress. A dynamic CEO was appointed in 2023 who brings fresh perspectives with a blend of regional and international experience, a depth of understanding of the ESG landscape and international best practice insights.



VISION

Every corporate vision is unique therefore, Bank of Sharjah believes in **going the extra mile by offering our customers tailored services** and providing advice for any requests.



MISSION

Our mission is to achieve strong and **sustainable Performance** for our shareholders, operating to the benefit of our customers and personnel with **high standards for Ethics** offering and expecting **full Transparency**, adopting **innovative Initiatives** to help customers achieve their aspirations and objectives, assuring them of our **unwavering Commitment** to support their businesses through the waves of economic cycles with a **pristine subscription to Quality of service**.



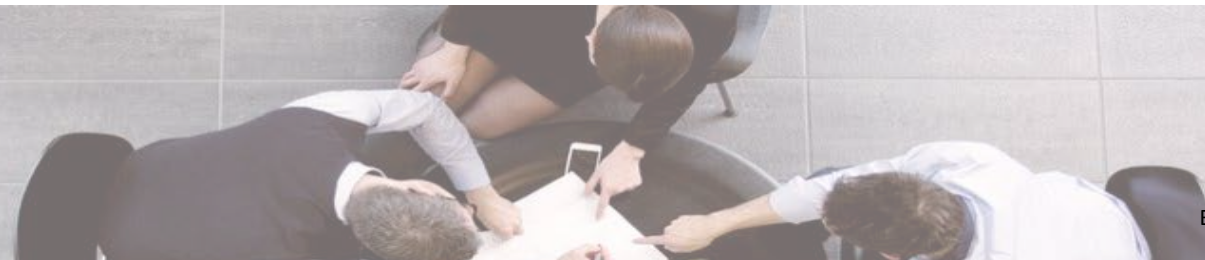
PURPOSE

Our aim and purpose is to provide finance solutions that deliver results. We believe in **proactively assisting clients, whether corporate or individuals, with measures that focus on their individual needs** and provide unparalleled services based on a **strong foundation of trust**.



VALUES

We strive to safeguard and grow our economy, our people, and our community and are committed to sustainability on all fronts. To achieve that, we have outlined our core values which drive our business decisions: **Performance, Ethics, Transparency, Initiative, Commitment and Quality (PETICQ)**.



We celebrated 50 years of our legacy in 2023



A FOUNDATION OF TRUST

Since 1973, we have earned the trust of stakeholders by prioritizing their financial well-being. From helping our customers generate savings to guide them through complex financial decisions, our experienced team has been by their side every step of the way.

We believe in transparency, personalized service, and putting our customers' needs first. This has fostered a sense of security and stability that transcends generations.



FOSTERING LONG-TERM RELATIONSHIPS

For decades, we have cultivated strong relationships with our clients. Many of them have relied on us and our financial advice, which has culminated in their growth and development. With a strong culture of loyalty and growth, many of our employees have spent a great deal of their careers with us and achieved significant growth and development. With this, the bank has achieved long-term success in building relationships, both, internally and externally.



INVESTING IN OUR COMMUNITY

We understand that a thriving community is essential for the UAE's progress, which is why we have dedicated efforts to champion local initiatives, investing in cultural events, artistic endeavors, and educational scholarships. We believe in nurturing the talent and potential of our community, creating a vibrant and enriching environment for all.



CELEBRATING MILESTONES AND LOOKING FORWARD

As we commemorate 50 years, we are deeply grateful for the continued trust and partnership of stakeholders. We are proud of the positive impact we have made and will strive to make further progress on our sustainability goals. We look forward to growing alongside our community, innovating to meet their evolving needs, and remaining a trusted partner in their financial journeys.

The bank achieved significant ESG progress in 2023

In our continuous effort towards ESG, we remain focused on giving back to the community, taking care of our people, operating in the best interests of our customers as well as ensuring robust governance. While acknowledging that there is always more progress to be made, we remain committed to responsible banking practices and building a more sustainable future.



Our male-to-female employee ratio improved from 52%-48% in 2022 to 50%-50% in 2023



The Board of Directors had a fully-fledged ESG-dedicated training workshop



Bank of Sharjah elected its first ever female Board member, Mrs. Arwa Al Owais



Completed our contribution pledges towards a Sharjah museum for art, culture and heritage

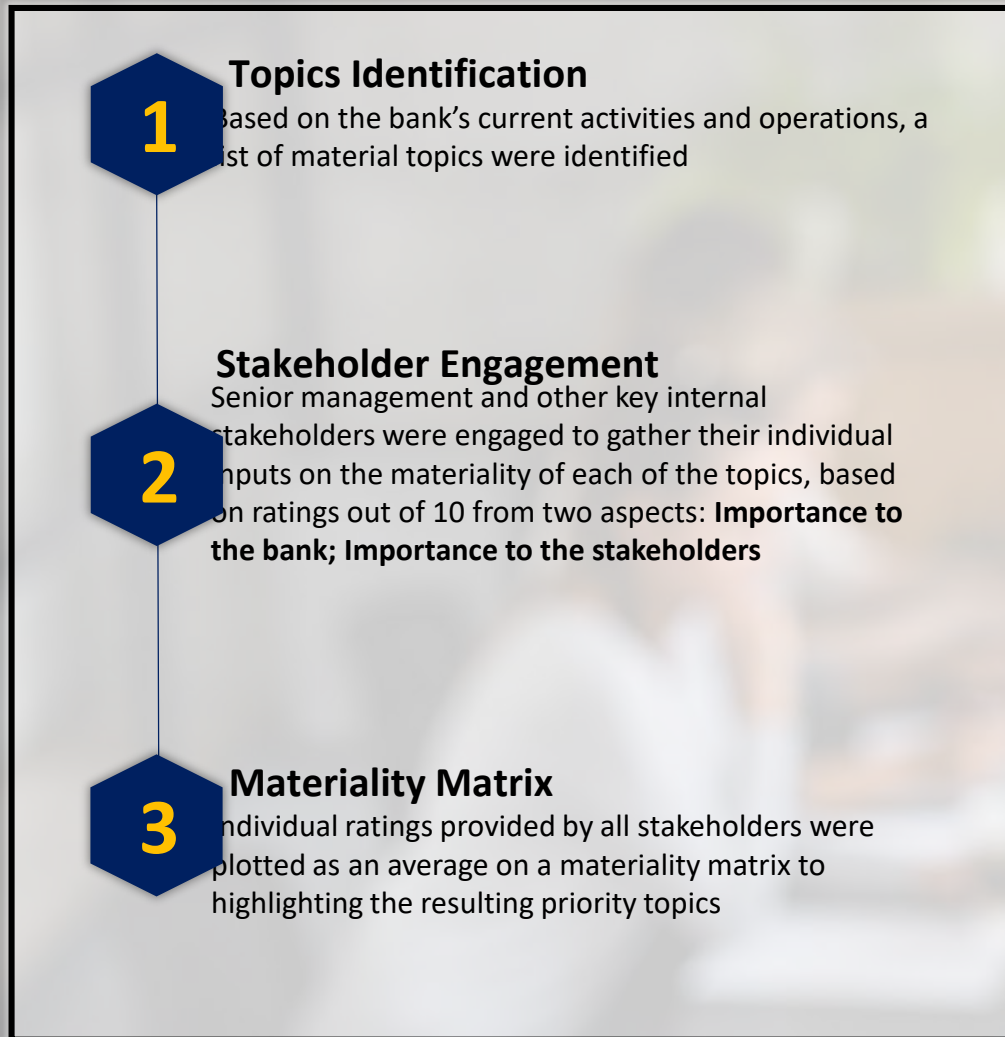


Demonstrated an increase of more than 150% YoY in CSR contributions for 2023



The bank developed an ESG strategy which is currently under review & approval by the board

Our stakeholder are core to assessing materiality



10 ESG TOPICS SHORTLISTED

- Digitization
- Governance & Culture
- Employee Development
- Responsible Banking
- Data Privacy
- Community Development
- Electricity Consumption
- Water Consumption
- Product Innovation
- Diversity & Inclusion

14+ STAKEHOLDERS ENGAGED

- Board of Directors
- CEO
- CFO
- CRO
- Treasurer
- Head of Compliance*
- Head of Internal Audit*
- Head of Legal
- Head of Credit Risk
- Head of HR
- Head of Marketing
- Head of Corporate Gov.
- Administration and Procurement Manager
- Head of IT*

10 DEPARTMENTS COVERED

- Finance
- Risk
- Compliance
- Internal Audit
- IT
- HR
- Marketing
- Administration and Procurement
- Legal
- Treasury

*These roles are for the Group level

Key material topics for the bank were identified

What is a materiality assessment?

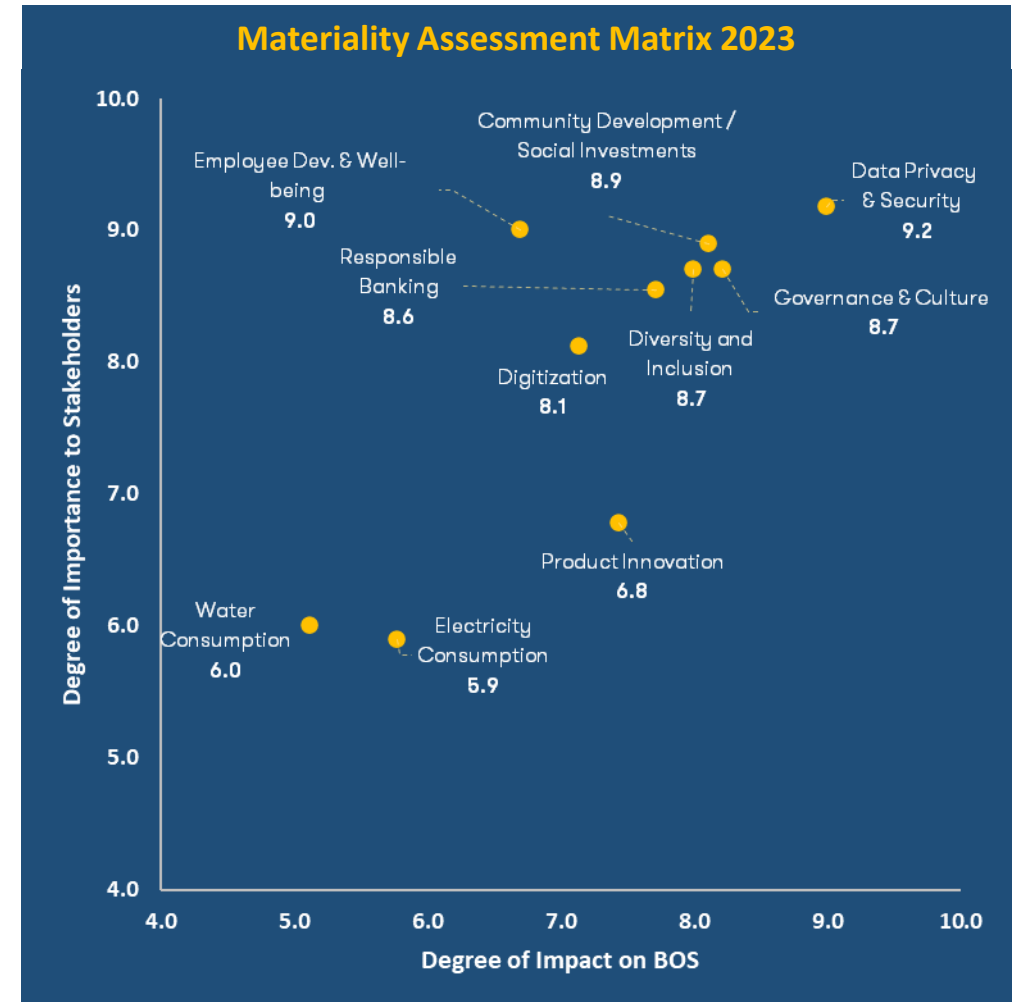
To identify a set of sustainability topics that have a notable economic, environmental and social impact, the bank conducted surveys on a broad range of relevant topics with its key stakeholders, and selected the ones that are pertinent to its business.

Over the past few years, we have built our ESG report on a foundation of stakeholder engagement. Open discussions with senior stakeholders that includes a materiality survey, meticulous industry analysis, and consultations with external experts have helped us refine our materiality index. This ensures that our report focuses on the sustainability topics that truly matter to the Bank and the industry.

Our senior internal stakeholders have identified appropriate overarching topics that are materially significant, including **Community Development and Social Investments, Responsible Banking, Data Privacy and Governance and Culture**. Other topics such as Product Innovation, GHG emissions and Responsible Waste Management were also discussed and have been considered while identifying focus areas for our upcoming new ESG strategy.

Our most material topics are located in the top right-hand corner of the matrix, including Data Privacy, Diversity and Inclusion, etc.

We illustrate in the report how we are fulfilling our pledge to be a sustainable financial institution and generate value to our stakeholders, the environment and the community by addressing these topics and improving our performance on them.



ENVIRONMENT



We started tracking fuel use & increased recycling

Fuel consumption

Bank of Sharjah has started to track its fuel and diesel generator consumptions internally, to enable calculations of Scope 1 emissions in the near future. Since our headquarters and main branch are in Sharjah, we have a higher amount of fleet use in this city, which explains the consumption chart for this year.

Our total **fuel consumption for the bank's fleet in 2023 was 239,403 liters**. We aim to establish further control over our fuel consumption by implementing measures such as tracking current fleet consumption, optimizing routes and, in the future, reduction of vehicle trips in order to capitalize on opportunities for overall reduction in fuel consumption.

Paper recycling

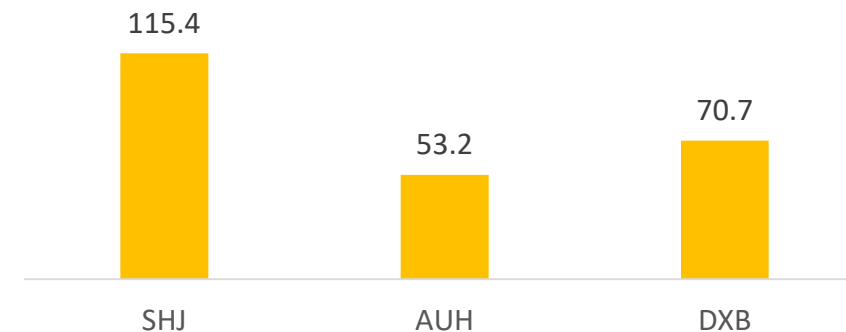
Over the past three years, the bank has seen a steady increase in paper recycling. This achievement reflects the dedication of our team and our customers to reducing our environmental footprint. By prioritizing digital documents for board meetings and annual shareholder meetings, making recycling bins available for staff to deposit papers into, and partnering with recycling companies, we have collectively made a big difference. We look forward to continuing these efforts and finding new ways to operate responsibly together.

For 2023, the bank partnered with Shredex, and has **recycled 23,363 kg of paper, which has resulted in savings equivalent to 635.8 kg CO2-eq emissions**.

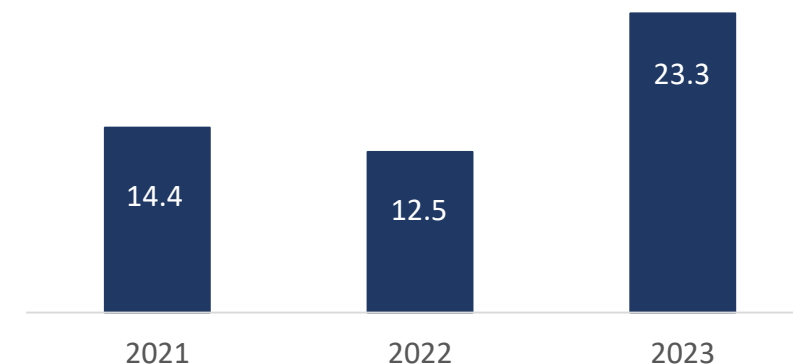
Number of trees saved due to paper recycling in 2023:

397

Fuel Consumption by city for 2023, in thousands (in liters)

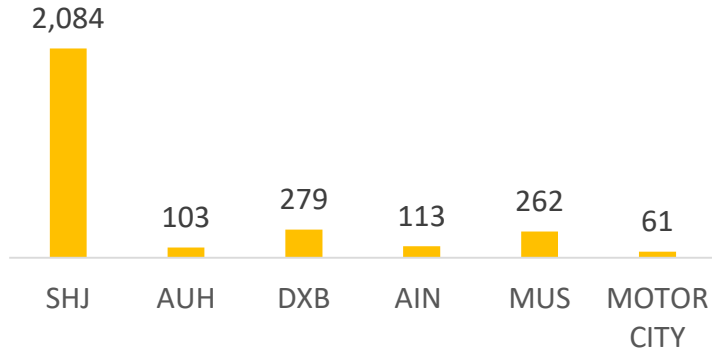


Total Paper Recycled, in tons (YoY)

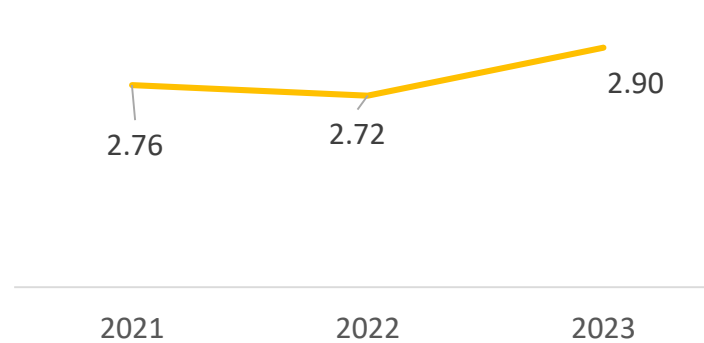


We continue to monitor our utilities consumption

Electricity Consumption, in thousands (kWh)



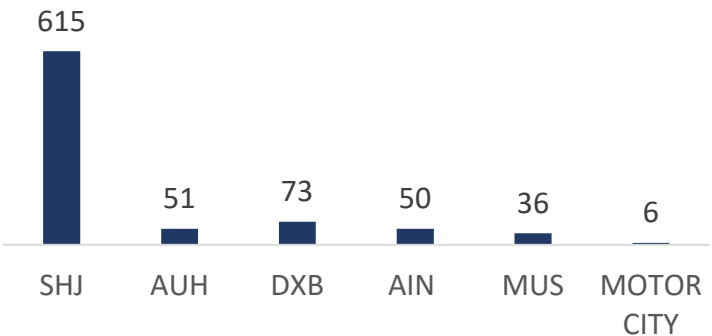
Total Electricity Consumption, in millions (kWh) - YoY



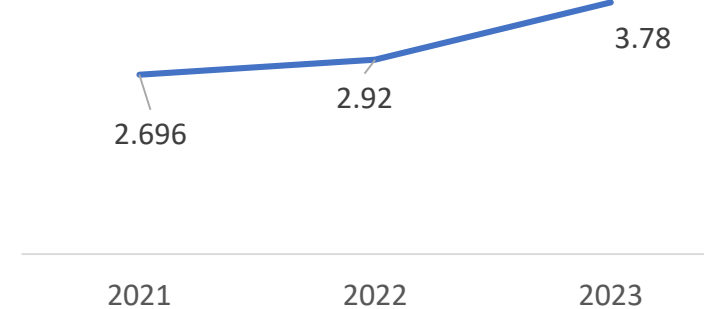
Electricity consumption trends

For 2023, our electricity consumption was 2.90 million kWh, which is a slight increase from 2022's figure of 2.72 million kWh*. At Bank of Sharjah, we understand the crucial role responsible energy use plays in environmental sustainability. Therefore, we are actively implementing a mixed approach to minimize our environmental footprint.

Water Consumption, in thousands (Imperial Gallons)



Total Water Consumption (ML) - YoY



Water consumption trends

Our annual water consumption for the year was 3.78 megaliters (ML)*. While we prioritize water conservation at Bank of Sharjah, our water consumption has increased since 2022 from 2.92 ML. Our employees remain conscious of their water consumption and actively make efforts to minimize their water use.

*It must be noted that these consumption numbers are estimated figures, since some electricity and water consumption data was unavailable.

We estimated Scope 1 emissions for the first time

GHG emissions*

Our total greenhouse gas emissions for 2023 are 1,190 tons of CO2-eq.

We have used our **fuel tracking to calculate our Scope 1 emissions for the first time, in 2023. We utilized emissions factors from the UK's BEIS database for these calculations.** While there are other sources of emissions that fall under Scope 1, such as diesel generators and refrigerants, **we have only calculated these emissions using our total fuel consumption from vehicle-use**, for bank operations. The bank does not own any of the spaces for its offices or branches, therefore does not have control over diesel generators for these spaces. Based on our fuel consumption, we estimated the total distance traveled by our fleet at an average fuel efficiency of 10.4 liters/100km.

For our **Scope 2 calculations, we only considered electricity supplied from the grid** through UAE government-based utility providers.

Emissions and energy intensity

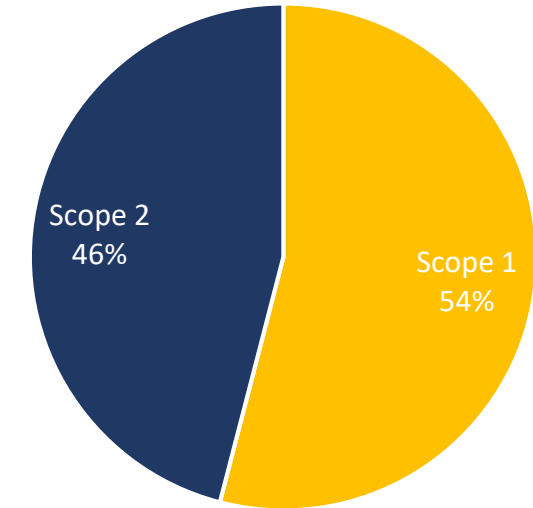
For the purpose of the intensity calculations, we have used the total number of employees (313) to calculate the ratios.

Our GHG emissions intensity included Scope 1 (fuel-related emissions only) and Scope 2 (electricity consumption only).

GHG emissions intensity (by FTE):
3.8 t CO2/FTE

Energy intensity (by FTE):
9,280 kWh/FTE

Emissions Breakdown – Scope 1 & Scope 2



Scope 1 emissions (fuel-use only):
635.3 t CO2-eq

Scope 2 emissions (electricity only):
554.7 t CO2-eq

*Scope 1 emissions did not include refrigerant emissions due to data unavailability. Scope 2 emissions did not include heating, steam and cooling.

SOCIAL

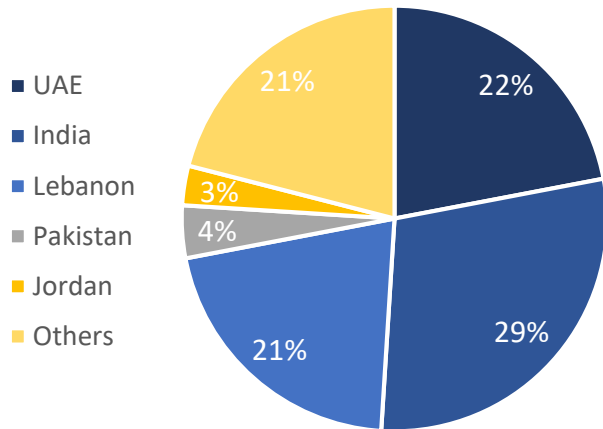


Our core strength has always been diversity

The bank's success serves as a powerful testament to our dedication to creating a culture where all employees, regardless of gender, ethnicity or race, have equal opportunities to be employed, develop and excel at their roles. We celebrated a significant goal in our commitment to diversity and inclusion in 2023. Through years of dedicated effort, we achieved the goal of a 50-50 gender split in our workforce, with **158 male employees and 155 female employees**.

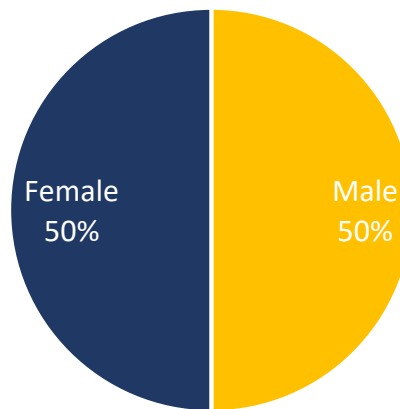
We have **207 employees in the 30 to 50 age group**, which shows that the bank has a good balance between age and experience. We have ten management grades, out of which, **Grades 1, 2 and 3 represent Senior Management, while Grades 4 and 5 represent Middle Management**. The breakdowns for the gender diversity across senior and middle management have been provided below.

Nationality Breakdown 2023



The company's workforce is comprised of staff from 31 different nationalities. 96% of our staff come from 5 countries, and the remaining 4% represent a diverse mix of other nationalities.

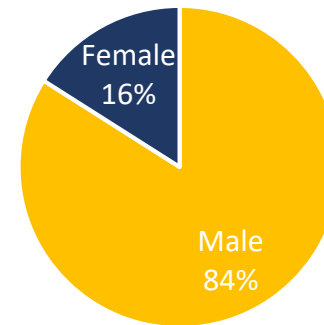
Gender Diversity 2023



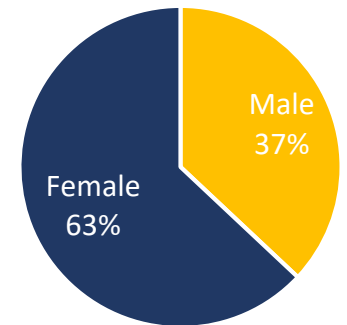
A nearly equal split between genders was observed in our staff headcount for 2023. With this, the bank highlights the importance of equal opportunities and gender equality.

Management Gender Diversity 2023

Senior Management



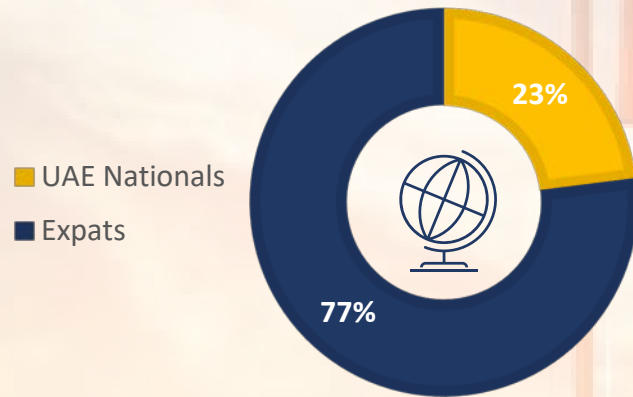
Middle Management



While the bank has strong female representation within middle management, we are focussed on enhancing female representation across Senior Management over coming years.

We Continue to exceed our Emiratization targets

UAE Nationals vs Expat Breakdown for 2023



As with previous years, we continue to achieve and exceed our Emiratization targets as set by the UAE government's Ministry of Human Resources and Emiratization (MOHRE).

In the year 2023, Bank of Sharjah has focused on increasing hiring of UAE nationals aligned with the local rules, regulations or guidelines introduced. As of the end of 2023, **23% of our staff are UAE Nationals and the remaining 77% are expatriates.**

We are focused on the training and development of UAE nationals and are striving towards their increased representation within Senior Management. **While 8% of our senior leadership is currently from the UAE**, we are committed to fostering a more diverse team and aim to increase that number in the coming years.

UAE Nationals in Senior Management for 2023



In 2022, Bank of Sharjah presented similar percentages for staff breakdown between UAE nationals and expatriates. As such, we comply with the Emiratization targets set by the MOHRE and that we are well-balanced with our hiring.



2023 Annual Emiratization target set by MOHRE:

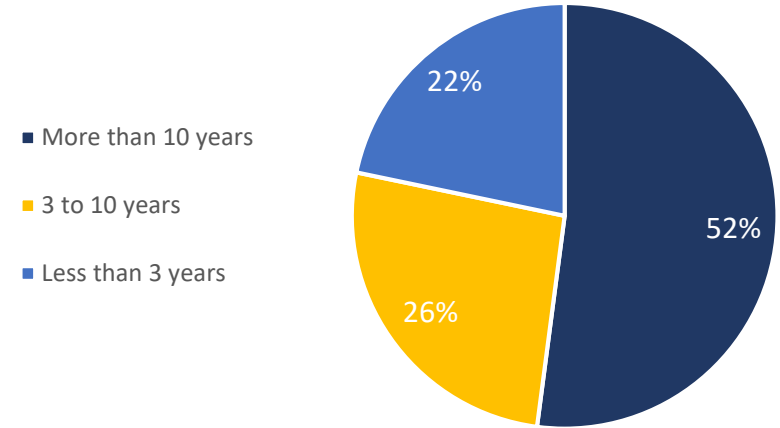
2%

Our culture keeps employee turnover low

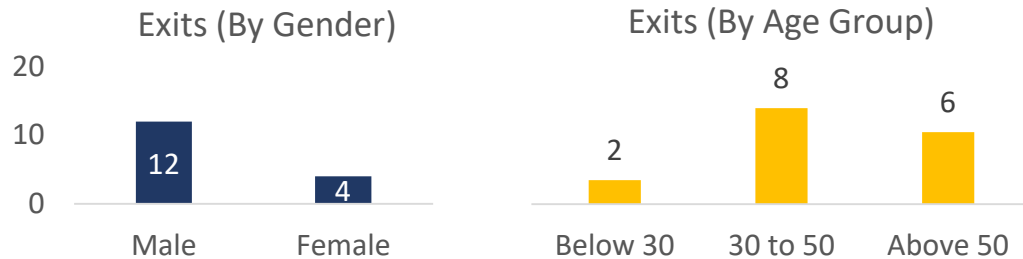
At our bank, 163 out of our 313 employees have had tenures with Bank of Sharjah for 10 years or longer. We are proud to have such loyal employees who have helped establish a strong and open work culture, while also guiding the next generation of employees based on our values and helping them grow.

Bank of Sharjah's recent hires showcase our commitment to a workforce with optimal gender balance. Although the gender representation of the new employee hires was mostly balanced, most departing employees were men. **This trend is leading to an optimal gender diversity at the bank.** The bank's commitment to hiring younger employees can also be seen, **with the largest increase in hiring from the under 30 age-group**, where the number of new hires is 13, with only 2 exits. The 30 to 50-year age group is also growing, with an increase of new hires with 17 people, while 8 employees left their roles at the bank. On the other hand, the over 50 group has decreased, with 6 employees leaving the bank, while only having 1 new hire. The bank has seen an **employee turnover rate of 5.2% for 2023.**

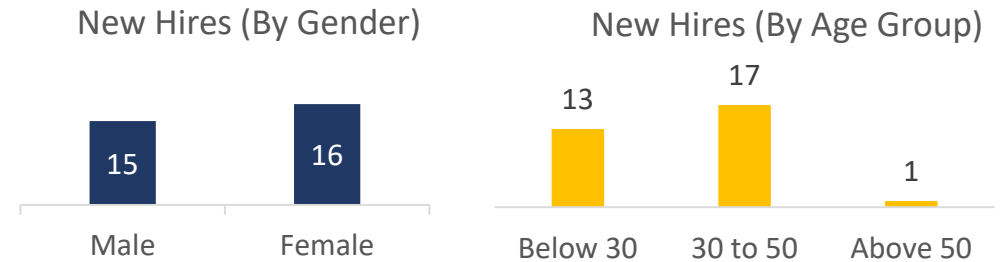
Employee Breakdown by Tenure at BOS



Employee Exits 2023



New Employee Hires 2023



Our employees enjoy a host of benefits

Employee Benefits

The bank employs 313 full-time staff members, all of whom are eligible for a comprehensive benefits package. This includes **30 days of annual leave, medical & life insurance and an annual air ticket to the employees' home countries.** The Bank supports employees who choose to pursue further education and qualifications **by contributing to the employees' education expenses,** and helping them develop professionally and personally. The Bank **also strongly encourages family development and religious commitments and, thus, grants 7 days of paid leave for marriage and Hajj leave.** In addition to such benefits, the Bank focuses on employee engagement activities by organizing relevant events and gatherings, as well as offers all employees an additional day off for volunteering activities during the year.

All our employee policies and benefit offerings are aligned with UAE Labor Law regulations and promote their well-being, satisfaction and overall best interests.

Key Employee Benefits

Annual Leave

Medical Leave

Life Insurance

Medical Insurance

Annual Air Ticket

Marriage Leave

Education Compensation

Hajj Leave

Parental Leave

Bank of Sharjah understands the challenges that new parents face and has a generous parental leave that our employees can use. All full-time staff are eligible for parental leave.

16 Staff who utilized Parental Leave in 2023

14 Staff who returned post Parental Leave in 2023*

14 Staff that remained with BOS 12 months post Parental Leave*

*2 out of 16 employees who availed parental leave in 2023, are still employed at the bank but continue to be on leave. They are expected to resume work once respective leave period is over.

We value our employees' growth and development

At Bank of Sharjah, investing in employees is not just a box to tick, it's a strategic commitment. The board and senior management prioritize training and development, recognizing empowered employees drive the bank's success. **During the pandemic, we offered health-related trainings for our employees.** For 2023, some of the training programs included **General Information Security and Operational Risk modules**, in order to maintain security and integrity within the bank's operations. We also focus on fostering individual growth through supported further education, by equipping the team with the tools and knowledge to excel. Trainings for our employees are provided in-person and through our online e-learning platforms, namely "Intuition", "Knowbe4" and "Dolphin". Based on recommended training topics from CBUAE, areas of focus related to information security, risk, etc are provided in collaboration with Emirates Institute of Finance (EIF). There are also trainings focused on leadership for managers, and general topics.

The following mandatory trainings were conducted for our employees in 2023:

- Security Awareness Training (2023 KnowBe4)
- Operational Risk Modules
- General Information Security
- Anti Money Laundering Training
- Information Security PII

Total Training Hours Achieved:

1,232

This commitment extends beyond skills by directly linking training to personal growth and the bank's progress, helping cultivate a sense of ownership and responsibility. This fosters a mutually beneficial relationship, where empowered employees fuel the bank's excellence, and the bank, in turn, fuels their personal and professional aspirations. At Bank of Sharjah, we understand that people are our greatest asset and we are dedicated to unlocking their potential.

Some of our Senior Management members have participated in regional conferences and delivered trainings to young UAE nationals at the EIF. This year, the bank has also offered trainings related to ESG and sustainability, in order to raise the awareness around the topic and its importance, broadly to the world and also within the domain of banking operations.

For 2023, we included the following ESG training topics as voluntary options:

- Introduction to ESG
- ESG Data and Ratings (An Introduction)
- Regional Global Audit Minds Conference on Sustainability
- ESG Investing

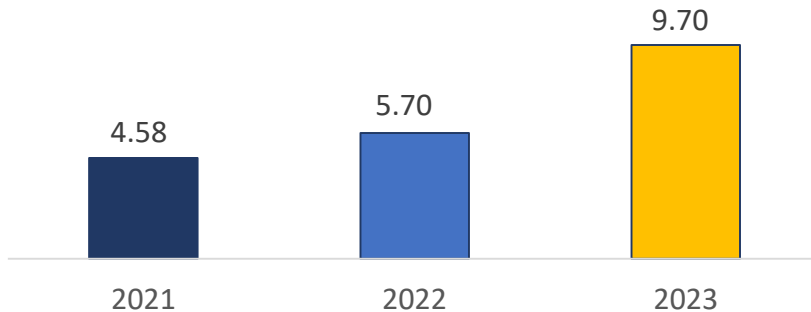
The Bank accords utmost importance to training and upskilling and ensures that there is a consistently high level of engagement by stakeholders

We pride ourselves on our strong sense of community

Bank of Sharjah has always displayed a strong commitment towards its social impact within the community. The Ruler of Sharjah, as our Honorary Chairman, has always ensured the embodiment of these values in the bank's operations and business.

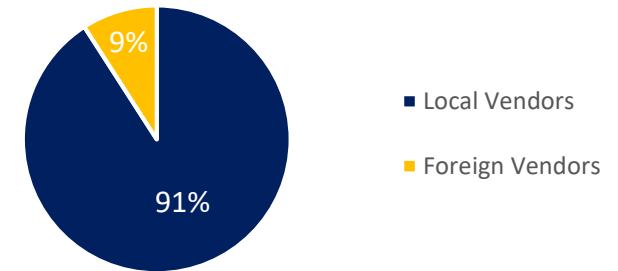
For decades, our commitment to social impact has become the cornerstone of our corporate identity. This dedication manifests in numerous ways, **from charity work, scholarships, and events to celebrate art and culture**. This unwavering commitment forms the bedrock of our long-standing legacy, and continues to guide us towards a brighter, more equitable future. Some of our key CSR partners include **Al Noor Training Center for Children with Special Needs, Emirates Association of the Visually Impaired and Ambassade De France**. Among other CSR efforts, we have continued our **yearly contribution towards the Sharjah City for Humanitarian Services (SCHS)**. The bank also offers **scholarship programs, based on merit, for UAE youth who choose to study in the United States**.

CSR Spend YoY (in millions)



Another aspect of our social impact is our preferred partnership with local suppliers. While we do engage with vendors based outside of the UAE, **90.9% of our supplier spending is directed towards local vendors**. This is the bank's way of fulfilling its needs through domestic means, which aids in the growth of UAE-based partners and the country's economy, while also reducing its supply dependencies from abroad.

Proportion of Annual Supplier Spend



More than 90% of our supplier spending for 2023 was directed towards UAE-based suppliers, which reaffirms our commitment to the local economy

Our CSR spending increased significantly for 2023 because we made contributions towards a museum dedicated to arts, culture and heritage



Sharjah City for Humanitarian Services (SCHS)

As with every year, we contributed an annual amount of AED 3 million to SCHS. We are proud to say that our contribution has helped add significant value to the lives of many people who suffer from disabilities. SCHS has committed to raising awareness for inclusive education for people with disabilities, and empowering them towards pathways for employment and independence. This year, SCHS held an exhibition aimed at educating the community about the importance of true inclusivity, while empowering people with disabilities within the school environment, and supporting their families. This event helps to support the people through adjustments into educational life, while also designing educational strategies to meet individual goals and needs. In addition to hosting this exhibition, SCHS organized a winter camp during the school term breaks, to help prioritize increasing personal value and development through productive activities. This helped people with disabilities to mingle and interact with non-disabled people, helping them integrate with all peers through diverse and fun activities.



Saaed Association – Ministry of Interior

Bank of Sharjah has continued its partnership with the Ministry of Interior (Saaed Association) this year to bring further awareness to road safety. There were multiple campaigns run by our partner and we are proud of the impact that these campaigns had on road users.

Safe Driving for Motorcyclists - A traffic awareness campaign was started to address the importance of adhering to road regulations, specifically for motorcyclists. As part of the campaign, awareness flyers and reflective safety vests were distributed through various channels, including social media.

Your Life is A Trust - This campaign was run at Global Village during Dubai Traffic Week, where booths for Traffic Awareness Exhibition were set up in collaboration with several local companies and the Traffic Police Department in order to raise further awareness around disciplined driving and road safety.

Our Children are A Trust - Focusing on child safety, this campaign brought forward increased traffic patrols around school zones, ensuring smooth traffic flow and safety for students, families and school staff.



We have enhanced our customer experience digitally



Card Domestic Scheme (CDS)

The bank joined the new Card Domestic Scheme of UAE in 2023 whereby, all Point of Sale (POS) transactions are routed through UAESwitch instead of the global card schemes (Visa and MasterCard). In 2024, this scheme will be expanded to include cardless transactions



YOUR Privilege Loyalty Portal

In 2023, we partnered with Network International to launch its new loyalty points program "YOUR Privilege" for credit card holders. The YOUR Privilege program allows card holders to earn points for purchases made and redeem these points for flights, hotels, gift vouchers, etc.



External Portals Integration

Several value-added services were rolled out by integrating with new third parties. These services allow customers to make real-time, seamless and error-free payments towards GPSSA and FTA. In addition, Emirates ID real-time validation with ICP was introduced in our ATMs to enable cardless transactions



UAE Instant Payment Platform (UAEIPP)

We are participating in a country-wide initiative that allows consumers to make instant Dirham domestic payments using a Mobile App named "Aani". It allows registered customers to send/receive funds through phone numbers and email, while allowing businesses to use QR codes for bill payments



eBOS Mobile App & Internet Banking

While the Mobile App was started in 2017, some key improvements are underway for our e-channels solution. In addition to the upgrade of its backbone technology, new features, such as allowing approval of corporate transactions using the Mobile App, are being enhanced

A photograph of a business meeting in progress. In the foreground, a person's hands are visible, holding a silver pen over a document. Another person in the background is also holding a pen and looking at the document. A laptop is open on the table. The scene is set in a professional office environment. A dark blue hexagonal graphic with a white border is overlaid on the left side of the image, containing the word 'GOVERNANCE' in white, bold, uppercase letters.

GOVERNANCE

We now have the first elected female board member



Bank of Sharjah's governance structure is headed by the Board of Directors ('Board'), providing oversight for the bank's strategic direction, risk management, and overall performance. The Chairman of the Board is **His Highness Sheikh Mohammed Bin Saud Al Qasimi**. **His Highness does not hold any executive management position within the bank.** The Board comprises of **11 non-executive members**, out of which **6 are independent**. **There were 3 outgoing members, for which their replacements were elected, one of whom is female.**

The Board brings a wide array of professional experience and many of the directors own diverse businesses in different regions such as GCC, Europe, Asia, etc. This facilitates diverse perspectives from the Board and further informs their decision making. The Board met eight times in 2023.

To support the Board's responsibilities and to ensure effective oversight, there are **seven Board Committees that focus on different aspects of the bank's operations and strategy.** The governance structure aims to ensure effective achievement of the bank's goals, promote transparency, accountability, and ethical behavior, and comply with regulatory requirements. The committees play a critical role in achieving these objectives and ensuring the bank's long-term success.



Our first ever female Board Member appointed in 2023

Mrs. Arwa Al Owais



Independent Board Members

66.7%

The Bank has robust governance policies and procedures



Role of the Board

The Board sets the overall direction for the bank by approving strategy, business goals, budgets and financial targets, while also setting the culture for the bank. The Board is also responsible for establishing and approving policies that **govern all aspects of the bank's operations, including lending, investing, risk management, and compliance**. The Board also holds the ultimate responsibility to monitor and ensure adherence to these policies. This includes monitoring the bank's performance against these plans, while also ensuring regulatory compliance.

The Board is responsible for appointing and overseeing the bank's Senior Management team, including the CEO, and ensuring they have the necessary qualifications and experience to execute strategic and financial plans. The Board is also responsible for coordinating with management to monitor progress on the Bank's long-term goals and objectives, considering factors like the customer requirements, bank capabilities, market conditions, and the financial regulatory environment. The Board has the final authority in overseeing any sustainability-related policies and procedures. The Board members will soon examine the ESG strategy that will be presented to them, in order to approve all required actions and set fit-for-purpose benchmarks within the bank.

Delegation of responsibility

The vision of the bank is effectively communicated from the Board to the Senior Management, who are then responsible for overseeing the company's operations to ensure that its intended goals and objectives are achieved. The Board ensures that the **bank has robust corporate governance policies and processes commensurate with its risk profile. The Board is responsible for establishing a fit and proper process for the selection of Senior Management** including the heads of the risk management, compliance and internal audit functions, and maintenance of succession plan for Senior Management. Further details and context can be found in the Corporate Governance Report.



Nomination and Selection

The Bank's approach to selecting and appointing committee members goes beyond simply ensuring their skills and no conflicts of interest. Several other key aspects contribute to a robust and ethical process, including the independence of the potential members, diversity and inclusion.

The **Board Remuneration, Nomination & Compensation Committee (BRNCC)** requires a minimum of three non-executive or independent directors to ensure diverse perspectives and prevent undue influence. Notably, the Board chairperson is excluded from membership to maintain impartiality. An independent director, chosen by the Board, serves as this Committee's chairperson, providing experienced and unbiased leadership. Their term aligns with the Board's term for long-term vision and consistency. **Recognizing the valuable contributions of committee members, the Board sets fair compensation to ensure their dedication and motivated service.**

These combined measures promote transparency, accountability, and ethical behavior throughout the Bank's governance practices.

Remuneration

The BRNCC plays a vital role in overseeing all aspects of remuneration and compensation and is **responsible for fairness, transparency, and regulatory compliance**. The bank is dedicated to maintaining a robust framework that attracts and retains top talent by offering competitive and fair rewards, aligned with industry best practices.

For the Senior Management team, compensation and performance-based incentives are determined by the Group CEO. The BRNCC collaborates with other relevant Board and Management Committees to ensure remuneration disclosures in financial statements and reports are accurate and meet regulatory requirements. Maintaining proper order is key, which is why the BRNCC has the authority to access any necessary documents and request information from across the bank's departments and staff, ensuring complete transparency in the process. All requests are made in writing for clarity, record-keeping and proper documentation in case of external audits and reviews from Central Bank of UAE (CBUAE).

Management Committees

While the Board of Directors and Board Committees are responsible for holistic oversight of the bank's overall strategy and performance, the Senior Management through management level committees, **drive effective execution of the strategic vision**. Bank of Sharjah has formulated **11 such committees, with a defined structure, roles and responsibilities and clear delegation of authority**. Each committee is focused on specific areas of the business and hence translates the board-defined strategic goals into actionable plans for respective departments or functions.

The management committees **regularly monitor and report on operational performance and any potential risks to Senior Management as well as ultimately to relevant Board Committees**. This **facilitates transparency and effective decision-making** at both Management and Board level. In addition to the operational performance and risk management, another key objective for such management committees is to ensure bank's compliance with applicable regulatory requirements at any given point of time.



We prioritize training and evaluation for the board

Board Training

Demonstrating their continued commitment to growth, the bank's Board participated in three specific training sessions during 2023, which included the first ever dedicated training on the topic of Environment, Social and Governance (ESG). The training on ESG helps the Board to equip itself with the necessary knowledge and tools to set forth a robust ESG strategy and vision for the bank.

While AML-CFT trainings update the Board on international sanctions laws and compliance requirements, Corporate Governance provides the Board with CBUAE's Corporate Governance regulations and requirements.

Training topics covered:

- Corporate Governance
- Introduction to ESG
- Anti Money Laundering and Combating the Financing of Terrorism

The first ever dedicated ESG training for the Board was conducted in 2023



Board Evaluation

Bank of Sharjah has been a longstanding partner of Hawkamah, a leader in regional corporate governance. **The Board assessment was conducted in 2022, which is still valid for 2023.** This was based on confidential member surveys, which generated recommendations to further strengthen the Board and its committees. While individual interviews were not conducted, the survey ensured the voices of Board members were heard, paving the way for continued improvement.

Some of the key findings of the evaluation from Hawkamah have been listed below:

- The Board is extremely adept at overseeing internal controls
- It has the appropriate risk appetite
- It is efficient at shaping the corporate culture within the Bank
- Conflicts of Interest are properly disclosed
- The Board maintains a healthy relationship with management, aiding in effective reporting

85%



Average attendance rate for Board trainings in 2023

Our policies are embedded at all levels of the bank

Policies and oversight of policy implementation

The Board carefully formulates policies consistent with the bank's core values, customer needs and strict regulations. Management then translates these policies into practical daily guidelines for employees and ensures that ethical practices are embedded at the core of bank operations.

The way this is achieved is through clear and transparent communication at all levels of the bank. Senior Management authorize the heads of departments and branches to communicate policies and requirements to their teams to ensure these are being followed and, in case any concerns arise, to be able to highlight issues quickly for effective decision-making. In case of non-compliance with policies, employees are given feedback and, if required, further training.

A key example of this is the Code of Conduct, which is applied and monitored, not just internally but also externally, across business relationships spanning third parties, suppliers and vendors. We have always had a strong record of integrity and trust with our customers and regulators. Another method we use to embed our policy commitments is through trainings for employees to ensure the policies are understood and implemented effectively. Lastly, **all employees confirm individual accountability by signing an "Irrevocable Undertaking Form for Policies and Procedures" annually, confirming they have read all policies and procedures and will be compliant with all of them.** This holistic approach has ensured that our integrity is not breached and justifies the trust that our stakeholders have in the bank.

Internal audits are also conducted independently to identify potential gaps and ensure compliance to policies as well as regulations

Code of Conduct

Bank of Sharjah holds respect, fairness, and ethical conduct at its core and this is reflected in our Code of Ethics and Conduct Policy. This commitment manifests in a culture where **every employee and customer experiences respectful and equal treatment, regardless of their background. Harassment has no place within this diverse and inclusive environment.** The bank extends its ethical standards beyond fostering a positive workplace. The Bank follows the UAE labor law, as applicable, in our day-to-day practices in cooperation with the UAE government, this is due to the strong ethical practices all our employees. At Bank of Sharjah, we also believe that **the care for human rights is essential during our daily practices** and many policies are put in place to ensure this. The Bank incurred penalties for delayed reporting on its quarterly financials, amounting to a total of AED 300,000. **For 2023, there were no incidents of discrimination at the bank or its branches pertaining to employees, customers or other personnel.**

These policies, alongside adherence to relevant UAE Labor Laws, safeguard the rights of all stakeholders and ensure the bank operates with unwavering integrity and transparency. By prioritizing respect, fairness, and ethical conduct, Bank of Sharjah builds a foundation of trust and respect for human rights, that leads to success for all involved.

There were no incidents of work-related ill health or injuries at the bank for 2023

Conflict of Interest

The Conflict of Interest policy for Bank of Sharjah Board members and employees is based on the requirements from the CBUAE stated under the Corporate Governance Regulation and Standards and the Consumer Protection Regulation.

Bank of Sharjah prioritizes ethical conduct and transparency by mandating that everyone, from board members to bank's employees, **avoid any potential conflicts of interest. This policy applies to all aspects of the business, including decisions, transactions, discussions, planning, and client relationships.**

If any individual involved in the bank's operations stands to gain personally (financially or otherwise) from a decision or transaction, they must immediately report this potential conflict. Remaining involved with a client or party while knowingly in a conflict-of-interest situation constitutes a serious breach of policy.

All Board members and employees sign the Irrevocable Undertaking Form, which includes acknowledgement and declaration of any conflicts of interest that may arise.

Our Conflict of Interest policy is in-line with CBUAE's Corporate Governance Standards and Consumer Protection Regulation requirements

Anti-Corruption and Bribery

The bank adheres to a strict Code of Conduct policy across all areas of business, which extends to the Anti-Corruption and Bribery policy. These policies cover all aspects including transactions, strategic decision-making, business planning, and client relationships. Strict policies are in place **to prevent bribery and corruption, prohibiting the exchange of gifts, payments, invitation to business or social events, and favours that could influence business decisions. The policies apply to the Board members, employees and third parties to ensure high levels of ethical standards and transparency in all operations.** This demonstrates the bank's commitment towards complying with regulatory requirements and maintaining its own integrity and the trust of its customers, shareholders and regulators.

Whistleblowing

As per CBUAE's Corporate Governance Regulation, we have a confidential whistleblowing system that empowers employees to **anonymously report any suspicious activity without any fear of retaliation.** Our Whistleblowing Policy enables employees to speak up and report actual or potential suspicious and dishonest activities directly to the senior management either by meeting them personally or by email/phone.

Any complaints made with good intent on allegations regarding legal violations, terrorism financing, insider trading, misappropriation of funds, theft, etc. will be appropriately investigated. The **whistleblower receives complete protection and anonymity throughout, and after, the investigation is concluded.** Complaints made in bad faith will subject the complainant to a disciplinary review, including the possibility of termination. Depending on whom the complaint is pertaining to, the investigations will be carried out by pre-assigned members as mentioned in the policy.

Data Privacy

Since 2020, Bank of Sharjah focused on mobile banking to reduce its environmental impact, provide greater customer satisfaction, allow for easy access to accounts from anywhere in the world, and enhance banking security. This meant that customers could easily access their bank accounts using their smartphones or other mobile devices without having to visit the bank's physical branches, with multi-step verification processes for increased privacy and reduced chances of breaches. This is particularly useful for customers who are always on the go, making banking more convenient and hassle-free.

The bank takes data privacy extremely seriously and our IT department works tirelessly to ensure the information security of all stakeholders, including employees and customers. We are proud of our record of having **no incidents of data and privacy breaches** and this is also a testament to our security trainings for staff, in addition to **our robust digital security systems and policies.**

Zero



Instances and penalties pertaining to corruption and data privacy breaches, for 2023

Fair Treatment of Customers

The bank's General Principles for Fair Treatment of Customers policy covers all aspects of customer relationships. **Senior management is responsible for overseeing the implementation of this policy and staff are provided with appropriate trainings to be able to effectively implement fair treatment practices.** This includes ensuring complaint handling mechanisms are effective to ensure customer concerns are addressed. The policy also stresses the **importance of transparency and representing financial, marketing and business information in a clear and concise manner to customers, while explaining potential risks with clarity.** Any information update or changes to our offerings and customer services are immediately communicated to customers.

Another aspect of fair treatment involves **providing financial awareness and literacy programs to our customers.** We have programs and mechanisms in place to ensure that current and future customers can develop the skills, knowledge and confidence to appropriately understand risks and opportunities to make informed decisions. The bank also **protects customers from fraud by monitoring accounts and have control systems in place to efficiently identify fraudulent activity.**

The policy also covers **enhancements of services to accommodate People of Determination,** including providing easier access to bank branches and select ATMs and training the bank's staff to be able to help such customers in any manner.

Our General Principles for Fair Treatment of Customers policy is in-line with CBUAE's Consumer Protection Regulation requirements

HR Performance-based Bonus Policy

This policy establishes clear guidelines on the annual distribution of bonuses to employees. All employees receive performance reviews annually based on the senior management's decision on whether to provide a bonus and, if so, the amount included in the bonus. **The decision is then ratified by the Board Remuneration, Nomination and Compensation Committee (BRNCC).**

Procurement Policy

The policy outlines the procedures to be completed for **identifying appropriate vendors and, depending on the value of the services, specifies the approval methodologies** under Procurement Procedures that all stakeholders must adhere to, in order to proceed with quote selection and vendor contract finalization. The Administration and Procurement Department works closely with relevant corporate functions and bank branches to ensure that the bank receives the best possible service in terms of price, fitness of purpose, service delivery as well as terms and conditions of payment. **Contracts are always signed in conjunction with a Non-Disclosure Agreement (NDA).**

The policy governs all service providers, vendors, outsourcing partners and employees. **Monitoring of compliance with this policy is conducted through periodic walk-throughs, internal and external audits and business tool reports.**

The Performance-based Bonus policy does not apply to the Board's Non-Executive Directors

A close-up photograph of a person's hand typing on a laptop keyboard. The image is overlaid with a semi-transparent blue layer. On the left, a hand is depicted with a white wireframe mesh overlay. The blue overlay is populated with various white icons representing business and technology concepts, including a padlock, a document, a line graph, a clock, a calculator, a person icon, a 100% progress indicator with a checkmark, a globe, and several gears. The word "APPENDICES" is written in large, white, bold, sans-serif capital letters across the center of the blue overlay.

APPENDICES

Appendix A: GRI Content Index

GRI Standard	Disclosure	Page number/s, URL References	Omissions
Organization Profile			
2-1	Legal name of the organization, Ownership and legal form, locations of operation, HQ location.	5	-
2-2	Entities included in sustainability reporting	6	-
2-3	Reporting period, reporting frequency and point of contact	4	-
2-4	Restatements of information	-	No restatements
2-5	External Assurance	4	-
Activities and Workers			
2-6	Business and sector activities, value chain and business relationships	6	-
2-7	Employees – Breakdown by full-time employees, gender, nationality, etc.	19	-
2-8	Workers who are not employees	-	All employees are full-time
Governance			
2-9	Governance structure and composition	31	-
2-10	Nomination and selection of highest governance body	31	-

Note: Bank of Sharjah has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023

Appendix A: GRI Content Index

GRI Standard	Disclosure	Page number/s, URL References	Omissions
Governance			
2-11	Chair of the highest governance body	28	-
2-12	Role of the highest governance body in overseeing management of impacts	28	-
2-13	Delegation of responsibility for managing impacts	27	-
2-14	Role of highest governance body in sustainability reporting	27	-
2-15	Conflicts of interest	34	-
2-16	Communication of critical concerns	31, 35, and 36	-
2-17	Collective knowledge of the highest governance body	28	-
2-18	Evaluation of the performance of the highest governance body	30	-
2-19	Remuneration policies	30	Information incomplete due to ongoing reviews
2-20	Process to determine remuneration	30	-
2-21	Annual total compensation ratio	-	Confidential information

Note: Bank of Sharjah has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023

Appendix A: GRI Content Index

GRI Standard	Disclosure	Page number/s, URL References	Omissions
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	3	-
2-23	Policy commitments	34	-
2-24	Embedding policy commitments	34	-
2-25	Processes to remediate negative impacts	33	-
2-26	Mechanisms for seeking advice and raising concerns	33	-
2-27	Compliance with laws and regulations	18	-
2-28	Membership associations	5	-
Stakeholder engagement			
2-29	Approach to stakeholder engagement	10	-
2-30	Collective bargaining agreements	-	Not Applicable
Disclosures on Material Topics			
3-1	Process to determine material topics	10	-
3-2	List of material topics	10	-

Note: Bank of Sharjah has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023

Appendix A: GRI Content Index

GRI Standard	Disclosure	UN SDG	Page number/s, URL References	Omissions
Economic				
202-2	Proportion of senior management hired from the local community	4	18	-
204-1	Proportion of spending on local suppliers	8	21	-
205-1	Operations assessed for risks related to corruption	16	33	-
205-2	Communication and training about anti-corruption policies and procedures	16	21	-
205-3	Confirmed incidents of corruption and actions taken	16	21	-
Environmental				
302-1	Energy consumption within the organization	13	13	Some electricity data was unavailable
302-3	Energy intensity	13	14	Some electricity data was unavailable
303-5	Water consumption	13	13	Some water data was unavailable

Note: Bank of Sharjah has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023

Appendix A: GRI Content Index

GRI Standard	Disclosure	UN SDG	Page number/s, URL References	Omissions
Environmental				
305-1	Direct (Scope 1) GHG emissions	13	14	This does not include diesel generators and refrigerants
305-2	Indirect (Scope 2) GHG Emissions	13	14	Some electricity data was unavailable
305-4	GHG emissions Intensity	13	14	Some electricity data was unavailable
Social				
403-6	Promotion of worker health	16	20	-
403-9	Work-related injuries	16	32	-
403-10	Work-related ill health	16	32	-
405-1	Diversity of governance bodies and employees	16	17	-
406-1	Incidents of discrimination and corrective actions taken	16	32	-

Note: Bank of Sharjah has reported in accordance with the GRI Standards for the period from 1 January 2023 to 31 December 2023

Appendix B: Glossary

Abbreviation	Full Form
ADX	Abu Dhabi Securities Exchange
AIN	Al Ain
AML	Anti Money Laundering
ATM	Automated Teller Machine
AUH	Abu Dhabi
BEIS	Department for Business, Energy, and Industrial Strategy (UK)
BOS	Bank of Sharjah
BRNCC	Board Remuneration, Nomination Compensation Committee
CBUAE	Central Bank of the United Arab Emirates
CDS	Card Domestic Scheme

Abbreviation	Full Form
CEO	Chief Executive Officer
CO2-EQ	Carbon Dioxide Equivalent
CSR	Corporate Social Responsibility
CFT	Combating the Financing for Terrorism
DMC	Dubai Media City
DXB	Dubai
ESG	Environment, Social, and Governance
EV	Electric Vehicle
FTA	Free Trade Agreement
FTE	Full Time Equivalent
FZC	Free Zone Company
GHG	Greenhouse Gases
GPSSA	General Pension and Social Security Authority

Appendix B: Glossary

Abbreviation	Full Form
GRI	Global Reporting Initiative
ICP	Identity, Citizenship, Customs & Port Security – Federal Authority
IFRS	International Financial Reporting Standards
IT	Information Technology
kWh	Kilowatt Hours
ML	Megaliters
MUS	Mussafah Branch
NDA	Non-Disclosure Agreement
PETICQ	Performance, Ethics, Transparency, Initiative, Commitment, and Quality
PHSC	Public Holding Stock Company
POS	Point of Sale

Abbreviation	Full Form
UN SDG	United Nations Sustainable Development Goals
SHJ	Sharjah
UAE	United Arab Emirates
UAEIPP	United Arab Emirates Instant Payment Platform
UK	United Kingdom
YoY	Year on Year

Further Enquiries

For more information and enquiries regarding this report, you can reach out to:

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For detailed information on policies and procedures, please find them in the following documents:

Annual Report 2023

Corporate Social Responsibility Report 2023

Corporate Governance Report 2023

Financial Report 2023

www.bankofsharjah.com