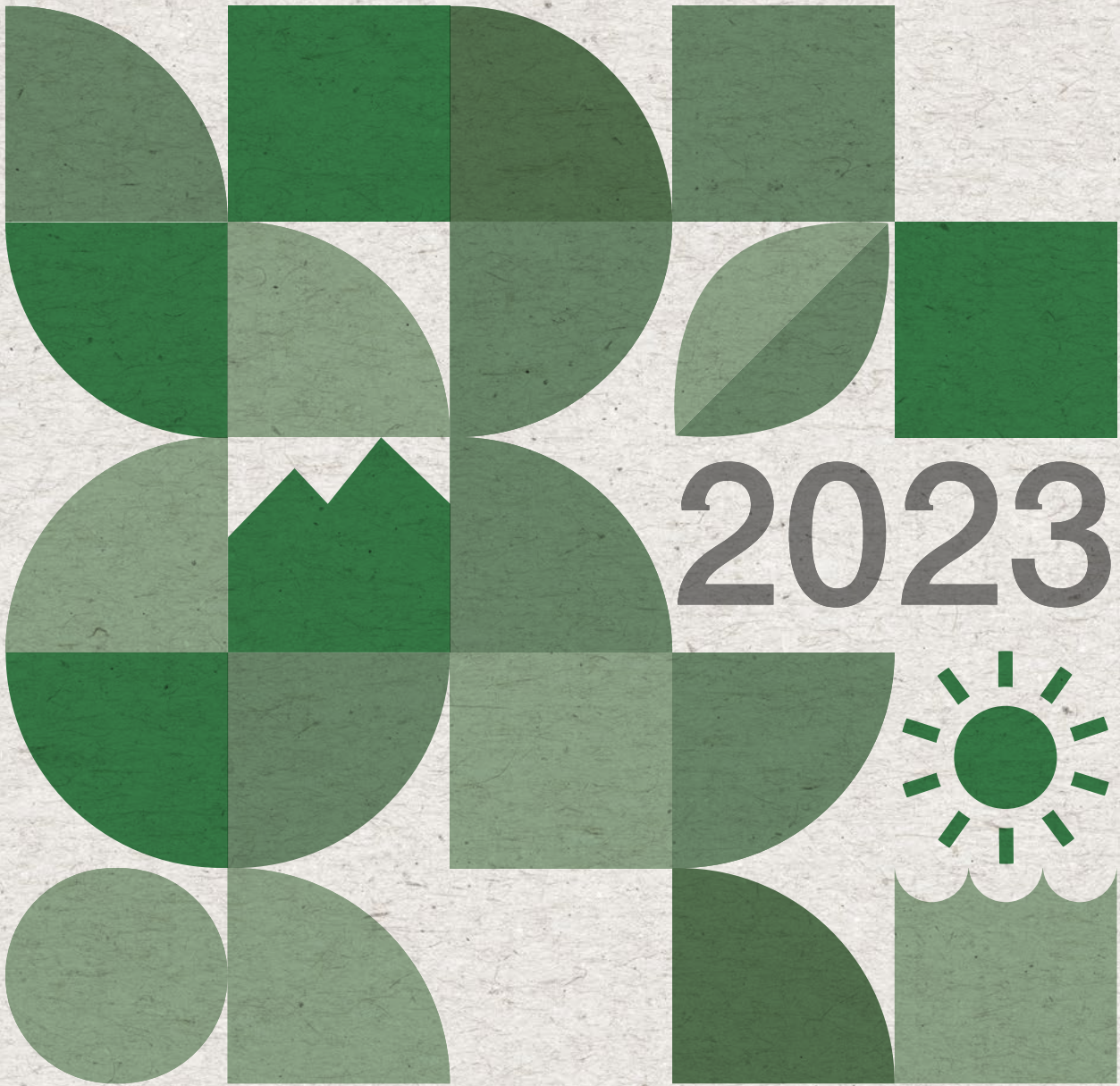




بنك صفوة الإسلامي  
Safwa Islamic Bank



# Sustainability Report

# Table of Contents

<b>About the Report</b>	<b>3</b>
<b>CEO Statement</b>	<b>4</b>
<b>Section 1: About SIB</b>	<b>6</b>
<b>Section 2: SIB and Sustainability</b>	<b>12</b>
2.1 Islamic Banking at a Glance	13
2.2 Sustainability and Islamic Banking	14
2.3 Materiality and Stakeholder Engagement	17
<b>Section 3: Governance at SIB</b>	<b>22</b>
3.1 Organizational Structure	23
3.2 Board Of Directors	24
3.3 Executive Management and Effectiveness of Operations	36
3.4 Risk Management	38
3.5 Compliance	38
<b>Section 4: Economic Performance and Financial Inclusion</b>	<b>39</b>
4.1 Economic Performance	40
4.2 Customer Privacy and Satisfaction	42
4.3 Procurement and Suppliers	43
4.4 Anti-Corruption	45
<b>Section 5: Environmental Leadership</b>	<b>46</b>
5.1 Energy	47
5.2 Emissions	49
5.3 Resource Efficiency and Waste Management	51
<b>Section 6: Social Responsibility and Human Capital</b>	<b>52</b>
6.1 Employee Wellbeing	54
6.2 Occupational Health and Safety	57
6.3 Employee Development	58
6.4 Community Support and Development	61
<b>Annex 1: GRI Index</b>	<b>65</b>
<b>Annex 2: Abbreviations</b>	<b>71</b>

## About the Report

Safwa Islamic Bank SIB (ASE:SIBK) is pleased to present its second annual Sustainability Report, reflecting our commitment to transparency, accountability, and sustainable business practices. The report covers the Bank's performance for the period starting January 1st 2023, and ending on December 31st 2023 across all its branches and offices including Misc Brokerage, which is a subsidiary of the Bank.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, the globally recognized framework for sustainability reporting, to ensure consistency, reliability, and comparability of our disclosure practices. We note that no external assurance is done on the data reported.

Within this report, stakeholders will find comprehensive information on Safwa Islamic Bank's sustainability performance, covering a wide range of economic, environmental, and social indicators. We aim to provide a holistic view of our efforts to create long-term value for our stakeholders while managing our impacts on the environment and society.

We hope that this report serves as a valuable resource for stakeholders seeking to understand Safwa Islamic Bank's sustainability journey and our contributions towards building a more sustainable future.

For any queries and questions please contact:  
[Shareholders@safwabank.com](mailto:Shareholders@safwabank.com)

## CEO Statement

I am pleased to present Safwa Bank's second sustainability report for the year 2023.

This report marks a significant milestone in showcasing our sustainability journey, as we strive to operate our business sustainably, actively engaging our stakeholders in decision-making, and carefully considering our mutual impact.

As part of our commitment to sustainability, Safwa Islamic Bank strives to actively engage our stakeholders in decision-making, and carefully consider our mutual impact. This has been demonstrated through our first sustainability report published for the Financial Year of 2022.

At Safwa Bank, we align our operations with Islamic Sharia, adhering to the precautionary principle of «Do No Harm». We are committed to conducting our business with respect for human rights, and we select our investment portfolio in accordance with Islamic economic principles. At Safwa Bank, we endeavor to be a responsible and sustainable business.

Building on our previous successes at Safwa Islamic Bank, we are continuing our efforts to advance the maturity of our sustainability work and its incorporation into various sides of our work by supporting the development of policies, strategies, and plans for the purpose of improving existing processes and products as well as introducing new ones.

In 2023, we are reshaping our midterm strategy in parallel to developing policies and tools that will allow us to best utilize sustainable practices in building on the growth trend of the previous years. This includes structuring sustainability related roles within our bank's governance structure and introducing innovative methods in sustainable procurement, ESG data management in commitment to climate change.

### Sustainability and Climate Change Commitment

As climate change impacts become more evident, we maintain our focus on cleaner energy and energy innovation as the key drivers towards carbon neutrality. We have made significant progress in adopting digital innovation and products to enhance resource utilization and circularity across our operations. Additionally, we continue to expand our digital banking offerings and propose innovative financial products that will lead to the expansion of our green financial product offering.

Our Climate Change Goals are aligned with the Paris Agreement and aim to limit global temperature rise to below 2 degrees Celsius. Our key objectives include:

- Reducing energy consumption in our facilities by 2030.
- Offsetting and sourcing the majority of our electricity from renewable sources by 2030.
- Including climate risk considerations into our investment and lending decisions, where possible.

We persistently develop our business and services in alignment with our strategic direction and input from stakeholders. Furthermore, we execute our commitments to development initiatives and community support programs through proactive engagement and support. For 2023 we aim to engage more stakeholders in the materiality assessment process while also covering an additional stakeholder group, our suppliers, given the important role they play in the success of our business and their potential influence on our sustainability profile.



**Samer Tamimi**  
Chief Executive Officer

### ESG Data Management

Safwa Islamic Bank (SIB) recognizes the importance of robust ESG data management. We aim to integrate ESG data into our decision-making processes for the purpose of making more informed and data driven choices about investments, operational improvements, and product development.

### Sustainable Sourcing and Procurement

We are further planning on incorporating responsible procurement practices in our approach for sustainably managing materials. This will tackle prioritizing environmentally friendly and sustainably sourced materials in procurement processes, ensuring that suppliers adhere to strict environmental and social standards. This approach minimizes our reliance on non-renewable resources and supports the transition to a circular economy.

### Organizational Development

SIB is committed to adopting more accessible and efficient banking solutions and systems in line with global trends and the latest technological tools. We offer numerous electronic banking services through various channels, aiming to expand our scope and enhance our electronic services platform. We strive to improve operations, performance, and offerings, while continuously reducing our direct and indirect environmental impacts as we work towards achieving carbon neutrality. This is ensured by continuing the development of the bank's products with a focus on ESG and contracting finance. This involves focusing on renewable energy projects as well as sustainable projects targeting infrastructure development and social impact ventures. We consistently support our customers by providing them with the best products and services and ensuring that our financial inclusion policy reflects our core value of leaving no one behind and ensuring everyone benefits from our financial services.

“ Once again, I express my gratitude to all Safwa employees for their unwavering commitment to the bank’s mission and values. Your hard work and dedication have been vital in making us the success we are today. ”

**Samer Tamimi**  
Chief Executive Officer



# Section 1: About SIB

## Section 1: About SIB

Established in 2010, Safwa Islamic Bank (SIB) is an integrated Islamic bank that incorporates firm Islamic values with the latest banking services of the highest caliber that provides its clients with high-quality products with a personal touch, to fulfill their needs, embodying in the process a united philosophy and a constant slogan — Solid Principles, Innovative Solutions.

We aspire to be a leading institution in the banking sector, embodying the core values of diversity, modernity, justice, and transparency.

Our commitment to these principles is evident in the array of banking solutions we offer, meticulously aligned with the principles of Islamic Sharia and presented in a contemporary format, accessible through our expanding network of branches across Jordan.

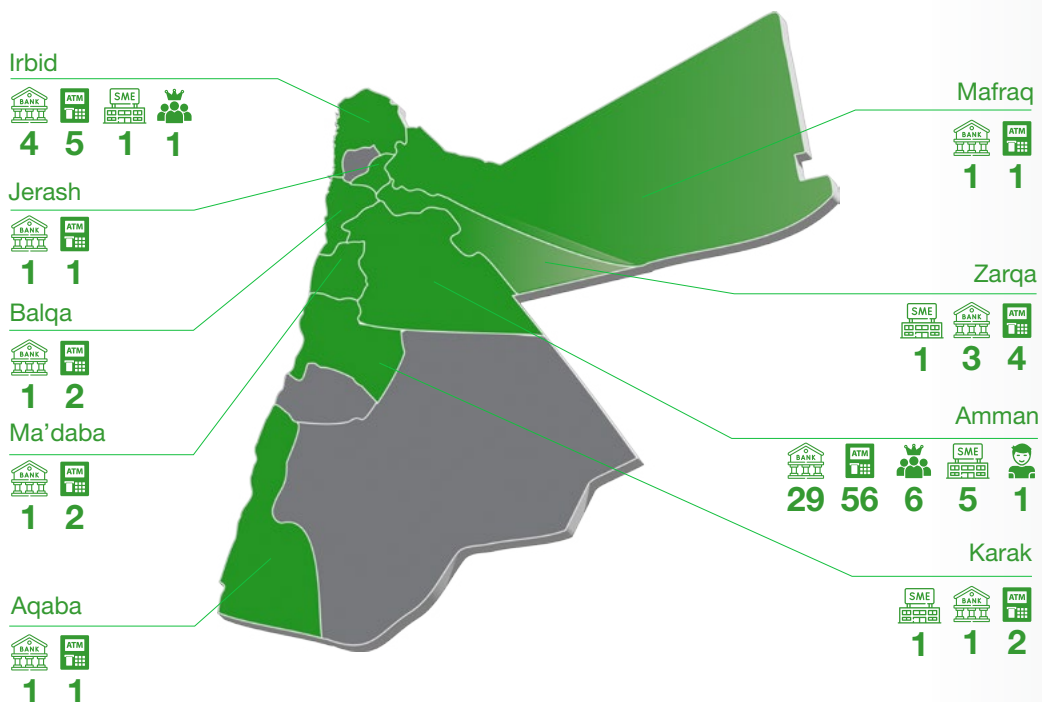
Continuously striving for excellence, we diligently evolve and modernize our product offerings to remain in accordance with the teachings of Islamic Sharia. Moreover, SIB extends tailored financing solutions to both large and medium-sized enterprises, catering to their diverse needs through a range of innovative Islamic financing products and services. Furthermore, we place a premium on our valued clients by providing a suite of specialized services designed to meet their unique requirements, ensuring their utmost satisfaction and success.

Based in Amman, Jordan, SIB operates extensively across multiple governorates within the country. As of 2023, SIB boasts a network comprising 74 ATMs and 42 branches. The bank has also expanded its network of ATMs, enabling customers to access and use 233 ATMs without any fees, commissions, or additional costs through cooperation with Al Etihad Bank.

## Solid Principles, Innovative Solutions

- Safwa Islamic Bank slogan.

### Our Locations



\* A subsidiary of Safwa Islamic Bank (Misc Brokerage Company).

SIB's ownership structure comprises 3 main shareholders as follows:

Shareholder	Percentage
Al Etihad Islamic Investment Company	62.37 %
Social Security Corporation	9.38 %
Government Contributions Management Company	5.55 %
Others	22.70 %

### Association Membership

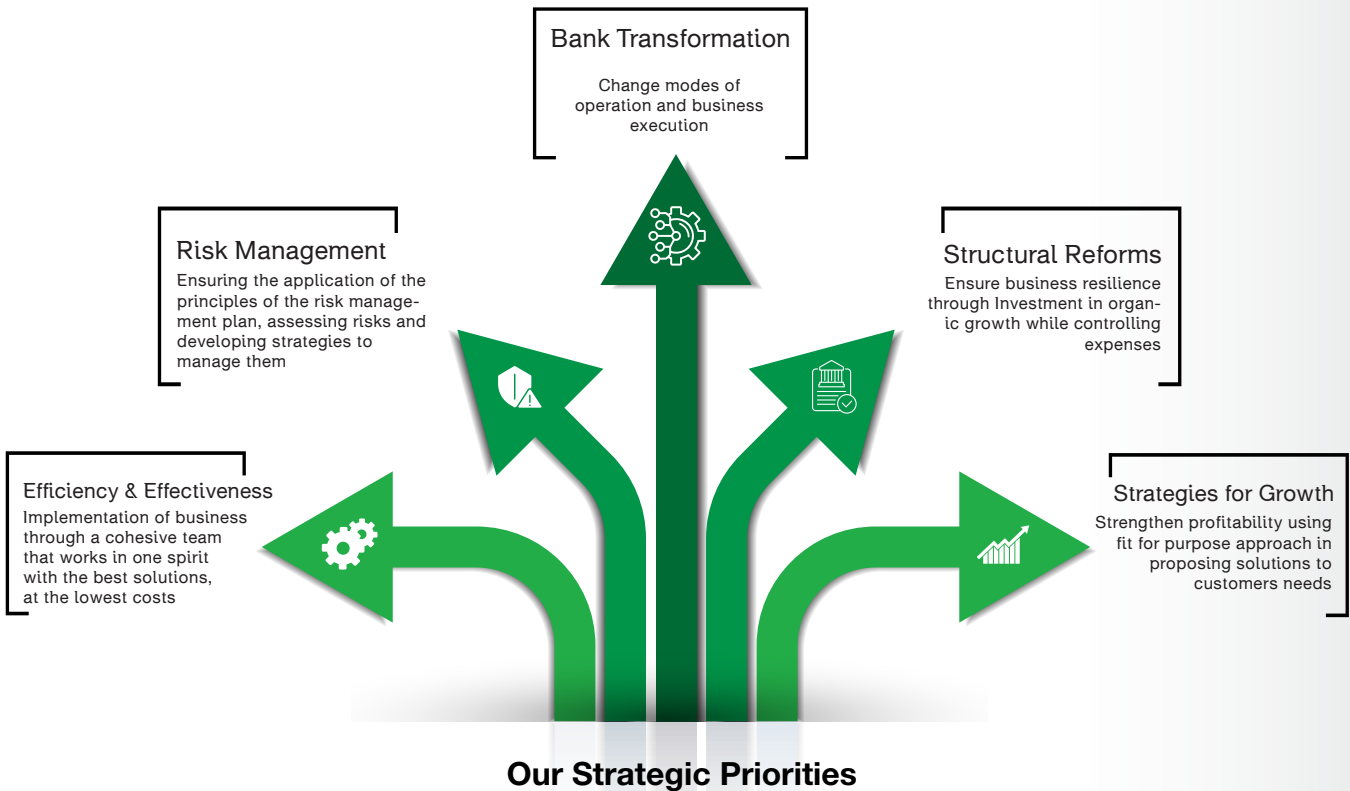
Below are organizations that the bank works with:



The bank is subject to the supervision of the following regulatory authorities:







## Our Values

### Knowledge

At Safwa Islamic Bank, we adopt a system of banking policies and work regulations derived for Islamic Sharia teachings, and we are proud to present a new concept of modern Islamic banking services in Jordan.

### Innovation

At Safwa Islamic Bank, we stand firmly by the principles of innovation and creativity, distinguishing ourselves as a leading financial institution by merging true Islamic values with the latest global technologies and innovative products and services, in order to deliver the best modern Islamic banking services.

### Added Value

The concept of modern Islamic banking and the success of our clients are a reflection of our commitment to providing true and added value and feasible returns through the provision of the finest available banking services, which stems from Safwa Islamic Bank's absolute conviction that meeting the aspirations of our clients and granting them added value is the secret to our success.

### Services Up to the Highest Global Standards

At Safwa Islamic Bank, we have built and designed all our modern products and services based on a deep and comprehensive understanding of our clients' needs and aspirations to ensure that they experience unique banking, up to the highest global standards.

### Quality

At Safwa Islamic Bank, we have a wide range of solutions that were translated on the ground into products and services that were invented to be in complete harmony with our clients' financial needs, as they were designed on the principle of quality-based mastery.



## Our Vision

To become the leading community bank in Jordan by offering integrated and comprehensive services through a "One-Group" that utilizes innovative methods and adheres to best practices.

### Culture

- Instill owners mindset
- We are ALL IN "One Safwa"
- Constantly innovate
- Customer-centricity

### Corporate

- ESG & contracting finance
- Land development finance
- Bonded finance
- Transactional banking and finance
- Enhance CX & engagement
- Seamless process, increase efficiency



### Retail

- Expand distribution channels
- Advance efficiency
- Customer-centricity
- Improve CX and engagement
- Adapt Digital transformation to meet customer preferences
- Innovative products & services
- ESG initiatives
- Enhancing credit card portfolio

### Treasury

- Introduce new products
- Sukuk issuance
- Wealth management
- Expand dealers base

**Retail**

- Real Estate Ijarah
- Personal Murababaha
- Musawamah
- Yusr For Refinancing
- Auto Murababaha

**Small Business**

- Financing Goods
- Real Estate Financing
- Start-up Financing
- Financing for Renewable Energy
- Indirect Financing

**Corporate**

- Facilities
- Cash Deposit Machines
- Cash Management System
- Corporate Savings Account
- Corporate Current Account

**Treasury**

- Safe Custody
- Management and issuance of Sukuk

**Accounts**

- Current Accounts: Regular / Salary
- Saving Accounts: Regular / Harir (Women) / Kanzi (Kids)
- Basic Bank Account
- Investment Certificate
- Investment Deposit
- Deposite Box
- Hajj Sukuk

**Cards**

- Murababaha Credit Card
- Pre Paid Cards
- Debit Cards
- ATM Cards



**E-Channels**

- Safwa Online
- Safwa Mobile
- Call Center
- Safwa SMS

**Brokerage**

- Financial Broker/Dealer (ASE)
- Misc Mobile
- Misc E-trade



## Section 2: SIB and Sustainability

## Section 2: SIB and Sustainability

This section presents the alignment between Islamic banking principles and sustainability, including a focus on social responsibility and environmental stewardship.

### 2.1 Islamic Banking at a Glance

Islamic banking, grounded in the principles of Islamic law (Sharia), has gained considerable attention in recent years as a sustainable and ethical alternative to conventional banking. In the face of numerous global challenges such as income inequality, climate change, and market instability, Islamic banking has surfaced as a potential solution that remains aligned with its core values of social justice, fair distribution of resources, and responsible financing.

In this sustainability report, we present the fundamentals of Islamic banking, its essential principles, and the ways in which these tenets foster a more sustainable and ethical financial environment.



#### Foundations of Islamic Banking

Islamic banking adheres to the principles of Sharia law, which emphasizes the significance of fairness, transparency, and risk-sharing in all financial transactions. These principles distinguish it from traditional banking systems, which frequently prioritize profit maximization and shareholder value over societal and environmental welfare. These principles are:

- » **Prohibition of Interest:** Islamic banking prohibits the charging or receiving of interest on loans, as it is deemed unfair and exploitative. Instead, Islamic financial institutions participate in profit and loss sharing arrangements, in which both the lender and the borrower share the risks and rewards of a financial transaction.
- » **Prohibition of Uncertainty:** Islamic banking discourages speculative activities and emphasizes transparency and clarity in all financial transactions. This principle guarantees minimized risks and fosters responsible investment and lending practices.
- » **Prohibition of Investments in Unethical Industries:** Islamic banking abstains from investing in industries deemed detrimental to society, such as alcohol, gambling, and tobacco. This focus on ethical investment supports socially responsible projects and businesses that have a positive impact on society and the environment.
- » **Profit and Loss Sharing (PLS):** Islamic banking is founded on the notion of shared risks and rewards, ensuring that all stakeholders are treated fairly and equitably. This principle decreases the likelihood of exploitation and promotes cooperation and collaboration between lenders and borrowers.

## 2.2 Sustainability and Islamic Banking

As the global community seeks to address the pressing need for sustainable development, Islamic banking emerges as a valuable partner in achieving environmental, social, and economic sustainability. By staying true to its core principles grounded in Sharia

law, Islamic banking inherently promotes responsible financial practices that align with the sustainability frameworks such as United Nations' Sustainable Development Goals (SDGs) and other international sustainability frameworks.



### Islamic Banking and Environmental Sustainability:

Islamic banking emphasizes on ethical investments and responsible financial practices naturally gravitates towards supporting environmentally sustainable projects. This focus on eco-friendly ventures encompasses investments in renewable energy, sustainable agriculture, and climate change mitigation initiatives. By actively financing these efforts, Islamic banks play an essential role in reducing greenhouse gas emissions, enhancing biodiversity, and conserving natural resources for generations to come.



### Islamic Banking and Social Sustainability:

The principles of social justice, fair distribution of resources, and risk-sharing are deeply embedded in the foundations of Islamic banking. By eliminating interest-based transactions and encouraging profit and loss sharing, Islamic banking fosters financial inclusion and poverty alleviation, particularly for underprivileged and marginalized communities. Furthermore, the prohibition of investments in industries considered detrimental to society reinforces its commitment to social sustainability by supporting projects that enhance public health, education, and overall well-being.



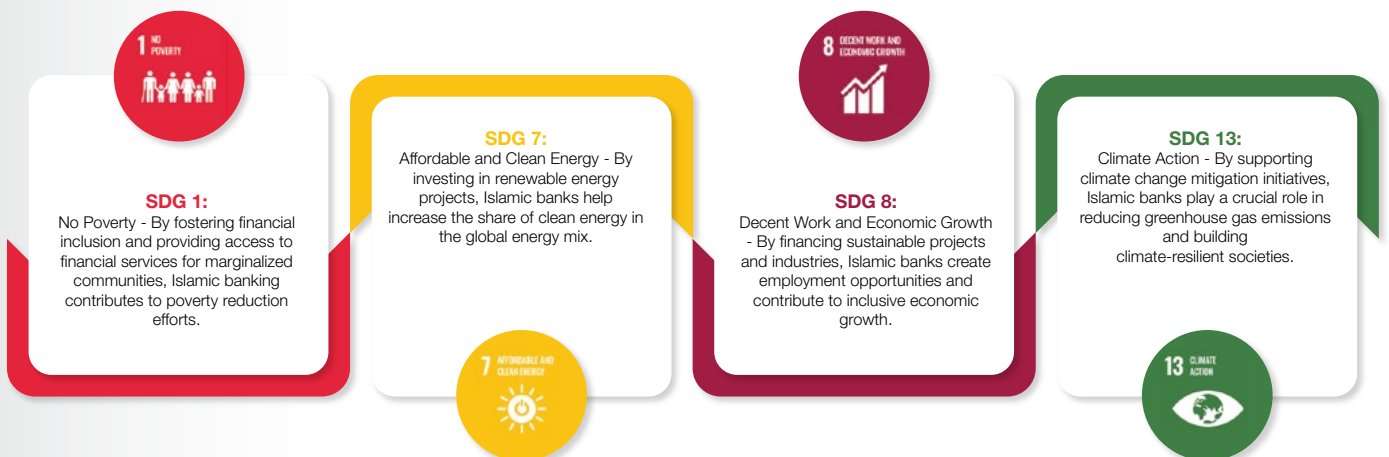
### Islamic Banking and Economic Sustainability:

Islamic banking focuses on transparency, risk-sharing, and discouragement of speculative activities contributes to a more stable and resilient financial system. By promoting responsible lending and investment practices, Islamic banks help mitigate systemic risks, thus reducing the likelihood of financial crises and fostering long-term economic growth. Additionally, the emphasis on financing socially responsible projects generates sustainable employment opportunities and supports the development of industries that contribute to a more circular economy.



## Alignment with Global Sustainability Frameworks

Islamic banking's dedication to environmental, social, and economic sustainability aligns well with the United Nations Sustainable Development Goals (SDGs) and other international sustainability frameworks. By adhering to Sharia principles, Islamic banks can play a pivotal role in achieving the global agenda for sustainable development, particularly in areas such as:



## Sustainability at SIB

The growing awareness of sustainable development's importance has prompted Islamic banks to integrate environmental, social, and governance (ESG) factors into their overall strategies and operations. By embedding sustainability into their core business practices, Islamic banks not only remain true to their Sharia principles but

also address worldwide sustainability challenges. This section presents an overview of SIB's sustainability strategy, governance framework, and management approach, emphasizing the essential components that ensure responsible and ethical banking.

### Strategic Focus

As of 2022, SIB is incorporating a number of strategic focuses across business in order to affirm commitment to achieving long-term environmental, social, and economic goals. These focuses are guided by the following elements:

- » **Adherence to Sharia Principles:** Ensuring that every aspect of SIB's operations, including products, services, and investments, complies with the ethical guidelines established by Sharia law.
- » **Inclusion of ESG Factors:** Gradually factoring ESG considerations into the bank's decision-making processes, including risk assessment, investment selection, and product development, where possible.
- » **Emphasis on Key Sustainability Themes:** possible Identification and prioritizing the sustainability challenges relevant to SIB's operations, such as climate change, financial inclusion, and social impact.
- » **Stakeholder Engagement:** Actively involving various stakeholders, including customers, employees, regulators, and communities, to comprehend their concerns and incorporate their feedback into SIB's sustainability initiatives.
- » **Reporting and Transparency:** Regularly reporting on SIB's sustainability performance, progress, and impact, demonstrating its commitment to transparency and accountability.

### Management

SIB ensures a strong commitment to continuous improvement, innovation, and stakeholder engagement through 4 key areas of intervention, which are:

- » **Policies and Procedures:** Developing and implementing robust policies and procedures to ensure that SIB's operations, products, and services are consistent with its sustainability strategy and Sharia principles.
- » **Capacity Building:** Providing ongoing training and development programs for employees to enhance their understanding of sustainability and ESG issues and equipping them with the necessary skills to implement SIB's sustainability initiatives.
- » **Innovation and Product Development:** Continuously exploring opportunities to develop innovative products and services that cater to customers' evolving needs and address emerging sustainability challenges.
- » **Collaboration and Partnerships:** Actively collaborating with other financial institutions, regulators, and stakeholders to promote the adoption of sustainable and responsible banking practices across the industry.

### Sustainability Reporting

The reporting responsibility is delegated to the Finance and Corporate Strategies Department. The board of directors participated in the materiality assessment of the material topics of SIB's as a stakeholder in the process. This shows the bank's commitment to transparency and good governance across its operating, which ensure resolving the most critical issues and responding to the requirements of all stakeholders.

### Sustainability at Safwa Islamic Bank in 2023

Safwa Islamic Bank continues its commitment to achieving sustainable development through numerous initiatives and projects focused on the environment and society.

We strive to enhance our sustainable practices and achieve a positive impact on the community and the environment. Below is an overview of our key sustainability achievements in 2023:

#### Green Finance

- » Retail green financing during 2023 reached JOD 21 million.
- » Signed a financing agreement to establish a solar power plant with a total value of JOD 70.5 million. It is considered the largest solar energy project with an on-grid system in MENA, and it is the first of its kind in the region in terms of its shareholders.

#### Gender Diversity

- » Increased female representation to 18% Board of Directors in 2023 compared to 9% in 2022.
- » Female representation in management positions reached 29%.

#### Resource Efficiency and Waste Management

- » Established waste reduction and recycling programs across our operations, focusing on paper, plastics, and electronic waste.
- » Continuous monitoring and optimizing of our resource consumption, investing in energy-efficient equipment and technology, and implementing resource-saving measures.

#### Products Energy Requirements Reduction

- » Expanded our digital banking services to reduce the need for in-person branch visits, consequently lowering the energy consumption associated with physical banking operations.
- » Encouraged customers to opt for paperless transactions, reducing the energy consumption associated with printing and mailing physical documents, and implementing resource-saving measures.

#### Social Responsibility

- » Renewed cooperation agreement with King Hussein Cancer Center.
- » Signed an agreement with Injaz for Youth Education and Empowerment.
- » Donated to Tkiyet Um Ali to support those in need.
- » Implemented the "Future Stars" program to train university students.
- » Donated to the Crown Prince Foundation to support schools in need.
- » Cooperated with the King Hussein Cancer Foundation in their media campaign to fight cancer.
- » Providing support to women through agreements that support women's projects.



Safwa Islamic Bank issued its first sustainability report during 2023, covering the bank's sustainability efforts and commitments for the year 2022.





## 2.3 Materiality and Stakeholder Engagement

### Assessing Materiality

SIB's approach to materiality, and stakeholder engagement, including partnerships with industry peers, regulators, and community organizations to promote sustainable development is demonstrated below.

The process for assessing materiality involves the following steps:

**1. Identify and group stakeholders:**

Identify stakeholders most interested in or affected by the sustainability performance of the organization and categorize them into three tiers.

**2. Engage stakeholders and collect data:**

Conduct engagement activities and collect data using various tools and channels. This step includes:

- a. Awareness sessions on SIB's sustainability reporting and periodic materiality assessment engagement.
- b. A Workshop that actively engages different stakeholder groups and incentivizes them to participate in SIB's adoption of sustainability practices.
- c. Collecting data from various stakeholders through surveys and key informant interviews.

**3. Analyze Data and Review:**

Analyze the data and identify and prioritize topics that are material to SIB's operations based on the inputs from various stakeholder groups. This concludes by obtaining a review from the upper management.

**4. Utilize and communicate results:**

Use the materiality assessment to guide future sustainability planning and reporting for SIB and disclosure statements to communicate its results through various channels including the sustainability reports of SIB.

### Engagement of Stakeholders

SIB has developed a stakeholder categorization methodology that classifies stakeholders into three tiers based on a relevant factor specific to SIB. This relevance factor is determined by evaluating five key criteria: revenue, cost, media response, risk impacts, and business opportunities. Each stakeholder group is evaluated using these criteria to determine their impact on SIB's operations. Based on this assessment, SIB determines the most appropriate modes of engagement

for each stakeholder group. This approach ensures that SIB engages with stakeholders in a targeted and effective manner, enabling it to address sustainability matters and enhance its overall sustainability performance.

The stakeholder categorization developed by SIB reflects its focus on sustainability and responsible business practices.

#### Tier 1

Stakeholders whom have a direct and high impact on and from the business, including customers, employees, investors, and regulators. SIB recognizes the importance of engaging with these stakeholders to maintain sustainable business operations.

#### Tier 2

Stakeholders whom have a direct but partial impact on and from the business, including suppliers. SIB understands that engaging with suppliers is important for maintaining sustainable supply chain operations.

#### Tier 3

Stakeholders whom have an indirect and partial impact on and from the business, including the environment.

SIB demonstrates its commitment to sustainability and responsible business practices by engaging with stakeholders across all tiers according to best practices. Our stakeholder categorization methodology ensures the engagement of stakeholders in a targeted and effective manner that enables us to address sustainability matters and enhance its overall sustainability performance. The resulting categorization of the stakeholder groups is:

**Tier 1: Stakeholders directly affecting business conduct and of high impact on the business.**

- 1- Customers:** Customers are individuals or entities who purchase products or services from SIB. They directly impact the business conduct as they provide revenue to SIB. Engaging with customers is crucial for SIB to maintain its sustainability, reputation, and competitive advantage.
- 2- Employees:** Employees work for SIB, either directly or indirectly, including full-time and part-time employees, contractors, and temporary workers. They directly impact business conduct as they contribute to SIB's operations and performance. Engaging with employees is important for SIB to maintain a positive work environment, productivity, and retention.
- 3- Investors:** Investors are individuals or entities who provide financial capital to SIB, including shareholders. They directly impact the business conduct as they provide the capital required for SIB to operate and grow. Engaging with investors is important for SIB to maintain trust, support, and financial stability.
- 4- Regulators:** Regulators are governmental bodies that oversee and regulate SIB's operations, including compliance with laws, regulations, and industry standards. They directly impact the business conduct as they can impose fines, penalties, or legal actions on SIB for non-compliance. Engaging with regulators is important for SIB to maintain regulatory compliance, reputational risk management, and legal compliance.

**Tier 2: Stakeholders directly affecting business conduct and of partial impact on the business.**

- 5- Suppliers:** Suppliers are individuals or entities that provide goods or services to SIB, including raw materials, equipment, or professional services. They directly but partially impact the business conduct as they contribute to SIB's supply chain operations. Engaging with suppliers is important for SIB to maintain sustainable and ethical supply chain practices, quality assurance, and cost efficiency.

**Tier 3: Stakeholders indirectly affecting business conduct and of partial impact on the business.**

- 6- Environment:** The environment refers to the natural and physical surroundings that are impacted by SIB's operations, including community, air, water, land, and biodiversity. The environment has an indirect and partial impact on business conduct as SIB's operations can have environmental effects. Engaging with environmental stakeholders is important for SIB to maintain sustainable and responsible environmental practices, minimize its ecological footprint, and enhance the social well-being of local communities near our operations.

- For 2022, SIB has engaged tier 1 stakeholders directly and tier 2 stakeholders indirectly. For 2023, the bank directly engaged tier 2 stakeholders.

At SIB, stakeholder engagement serves a critical purpose in identifying both actual and potential impacts, as well as determining prevention and mitigation responses to potential negative outcomes. Recognizing the diverse nature of stakeholders and the potential barriers to engagement, SIB employs inclusive approaches that address language and cultural differences, gender and power imbalances, and divisions within communities

or groups. The Bank prioritizes providing stakeholders with understandable and accessible information through appropriate communication channels, fostering transparency and trust. Stakeholder feedback is meticulously recorded and integrated into decision-making processes. Key stakeholder categories have been listed in the following table, with their engagement type, mechanisms, and frequency.

Stakeholder Category	Stakeholder Engagement Type (Participation/ Consultation/ Information)	Engagement Mechanisms	Engagement Frequency
Customers	Participation	Customer feedback surveys, complaint resolution processes, social media, emails.	Ongoing
Employees	Participation	Regular staff meetings, employee surveys, suggestion boxes, training sessions, employee forums or focus groups, performance reviews, intranet communication.	Ongoing
Investors	Consultation	Annual general meetings, investor presentations, and direct communication channels such as emails.	Quarterly
Regulators	Participation	Regulatory compliance reporting, regulatory audits or inspections, participation in industry associations, regular communication with regulatory authorities, stakeholder consultations on regulatory changes, and responding to regulatory inquiries or requests for information.	Quarterly
Suppliers	Information	Supplier assessments, emails	Ongoing
Environment	Information	Community outreach programs, sponsorship of community events, volunteering opportunities for employees, and collaboration with local nonprofits or charities.	Ongoing



## Material Topics

Our methodology for assessing materiality utilizes a score that considers various inputs from stakeholders and uses stakeholder category factors, key stakeholder group factors, and ESG factors collected from each stakeholder group. The materiality score is a tool developed by SIB that presents the different inputs collected from SIB's stakeholders. It allows us to shortlist impact areas and assess their materiality according to preset thresholds. The measurement of the materiality

score follows the below formula.

$$Score_{Materiality} = Average (Score_{Internal} + Score_{External})$$

After conducting the initial stakeholder engagements, a number of impact areas were identified, and after conducting the stakeholder engagements (surveys), a shortlisted number of material topics were identified and categorized based on dual impact on business and stakeholders.

	Shortlisted Material Topics	Stakeholder Group	Category
1	Anti-corruption	Government and Regulators; Investors	Governance
2	Anti-competitive Behavior	Government and Regulators; Investors; Suppliers	Governance
3	Economic Performance	Investors; Suppliers	Economic
4	Sharia Compliance	Investors; Employees	Governance
5	Client Service and Satisfaction	Employees; Customers	Social
6	Client Privacy (Information, Cyber security and data privacy)	Employees; Customers	Social
7	Marketing and Outreach	Employees; Customers	Social
8	Digital product and service transformation	Customers; Suppliers	Social
9	Financial Inclusion	Customers; Suppliers	Economic
10	Procurement Practices	Employees; Suppliers	Economic
11	Community Support and Development	Investors; Customers	Social
12	Labor Management and Employment	Employees	Social
13	Occupational Health and Safety	Employees	Social
14	Energy and Emissions	Employees; Customers	Environmental
15	Water and Effluents	Employees; Customers	Environmental
16	Waste Management	Employees; customers	Environmental

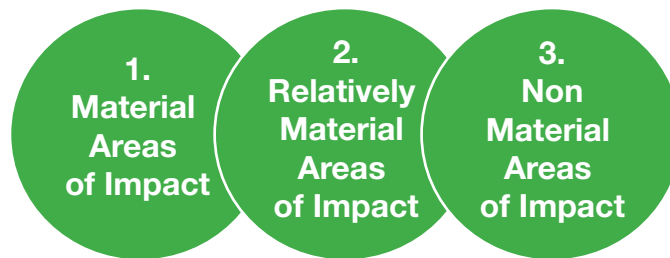
## Management of Material Topics

Safwa Islamic Bank recognizes the importance of managing material sustainability topics that are material to its operations and stakeholders. By managing material topics effectively, SIB is committed to delivering long-term value to our stakeholders, minimizing the accompanying environmental footprint, and contributing to a sustainable future.

This approach was developed with industry experts and guides stakeholder engagement, yearly sustainability reporting, and the introduction of sustainable business practices across our operations where possible. It introduces three materiality categories, each with its reporting requirements.

### Materiality Categories

The bank treats material topics according to the following framework, and is linked to thresholds based on inputs from surveys targeting each stakeholder group.



### 1. Material sustainability impact areas deemed relevant to SIB.

- **Disclosure of performance:**  
By clearly outlining our performance in these areas, highlighting our progress toward goals, and providing quantifiable metrics.
- **Presentation of the management approach:**  
Explaining strategies, policies, and practices implemented by our bank to address these material impact areas. This will include how we identify, assess, and manage risks and opportunities related to these areas.
- **Reporting on case studies and best practices:**  
By including specific examples demonstrating how we have made a positive impact in these areas or overcome challenges. These examples will serve as concrete evidence of our commitment to addressing material sustainability issues.

### 2. Material sustainability impact areas deemed moderately relevant to SIB.

- **Overview of performance:**  
By summarizing our performance in these areas, focusing on any significant changes, trends, or improvements.
- **Presentation of management highlights:**  
By reporting on key management practices and initiatives that we have implemented to address them.
- **Reporting on outlook and future plans:**  
By describing our plans for further improvement, including any short-term and long-term goals.

### 3. Sustainability Impact Areas that are deemed non-material.

- **Reporting on current data and systems:**  
By disclosing any relevant data and systems currently in place. We will provide a concise summary of our performance in these areas, highlighting any that are noteworthy.
- **Overviewing future considerations for expansion of reporting scope:**  
By acknowledging the potential need to re-evaluate the materiality of these sustainability topics in the future, as our business context, stakeholder expectations, or regulatory requirements may change. This will involve outlining any plans or considerations for expanding the reporting scope to include these areas, would they be expected to become more relevant to our business or stakeholders.



## Section 3: Governance at SIB

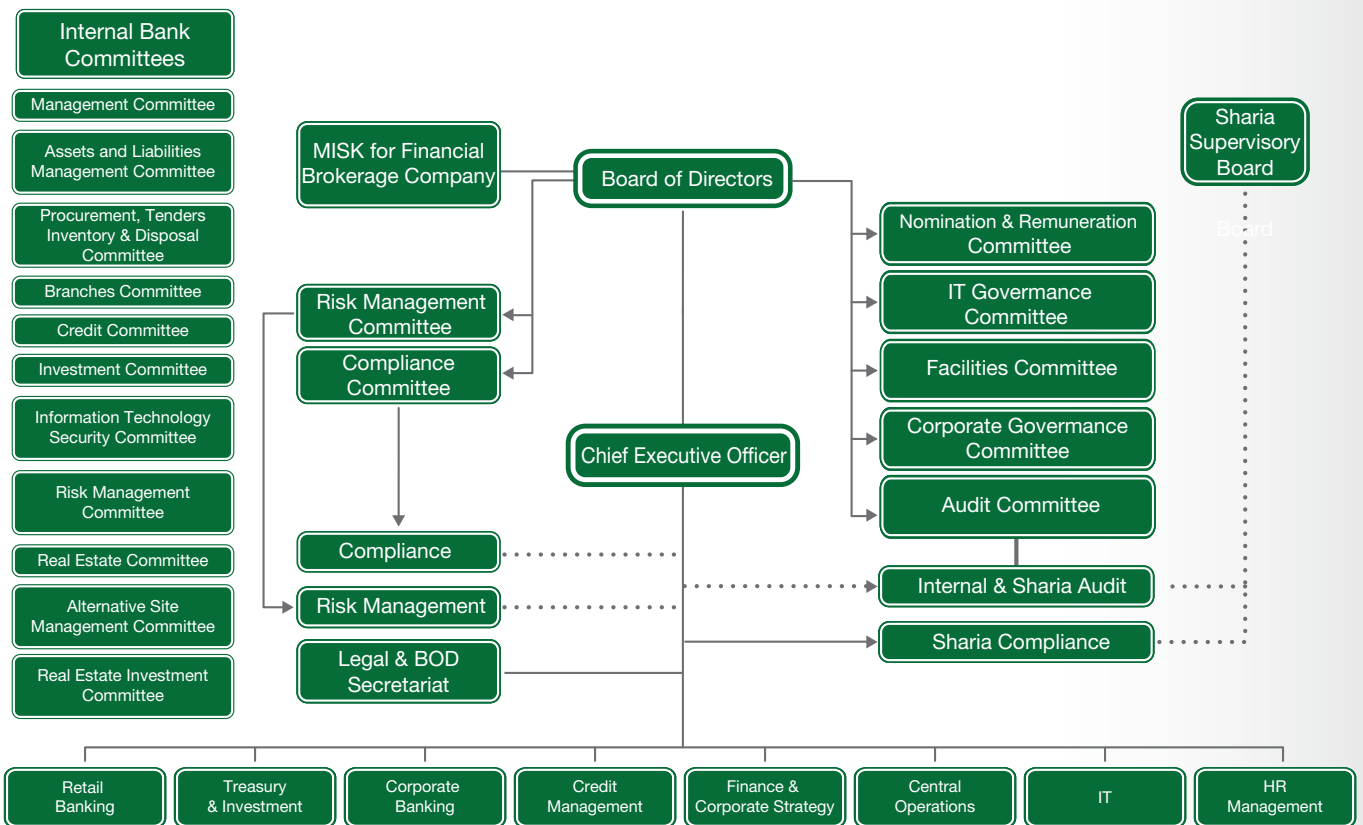


## Section 3: Governance at SIB

### 3.1 Organizational Structure

At SIB, we recognize the importance of corporate governance in ensuring our Bank's accountability, transparency, and sound decision-making.

With a robust corporate governance framework, we are dedicated to nurturing trust among stakeholders and fortifying the Bank's financial stability.



### 3.2 Board of Directors

The board represents SIB's highest governance body as it oversees strategy, risk, and compliance, appoints key roles, ensures Sharia compliance, and clarifies governance standards and stakeholder rights. According to the bank's Corporate Governance Manual, the Board of Directors is committed to the following key responsibilities:

- » Supervising executive management and adopting a policy to monitor and review its performance to achieve institutional objectives and ensure the soundness of all bank operations.
- » Defining strategic goals and directing executive management to prepare strategies and approve related plans.
- » Ensuring the bank has comprehensive policies and operational plans covering all activities that comply with relevant legislation, are communicated across all management levels, and are regularly reviewed.
- » Establishing institutional values and drawing clear lines of responsibility and accountability.
- » Taking responsibility for fulfilling the requirements of the central bank and other regulatory bodies, and considering stakeholders' interests.
- » Approving, based on the relevant committee's recommendation, the appointment of the General Manager, Internal and Sharia Audit Manager (in consultation with the sharia board), Chief Risk Officer, and Chief Compliance Officer, as well as accepting their resignations or termination of their services.
- » Approving the risk management strategy and monitoring its implementation.
- » Ensuring the presence of sufficient and reliable management information systems that cover all bank activities.
- » Verifying that the bank's credit policy includes an assessment of the corporate governance quality of its public joint-stock company clients.
- » Establishing a policy that outlines the bank's responsibility towards environmental protection and community welfare.
- » Implementing measures to ensure clear separation between the authorities of major shareholders and the executive management, and establishing mechanisms to limit the influence of major shareholders.
- » Approving the organizational structure.
- » Defining banking operations that require Board approval, ensuring this does not overly expand to undermine the Board's oversight role.
- » Providing direct communication channels for Board members and committees with the executive management and the Board Secretary.
- » Taking due diligence measures when addressing matters concerning the bank's operations.
- » Ensuring sufficient controls are in place to align all banking activities with Sharia principles and the fatwas and resolutions issued by the Sharia Board.
- » Approving policies governing the relationship between the bank, shareholders, and investment account holders.
- » Approving the policy manual for compliance with Sharia principles and provisions.
- » Ensuring a mechanism is in place to provide bank customers with clarifications on any fatwas issued by the Sharia Board upon request.
- » Ensuring the publication of all fatwas and resolutions issued by the Sharia Board related to product or service launch, the approval of any product or service treatment or mechanism or the services on the bank's website.
- » Committing to the governance standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
- » Verifying the CEO's implementation and adherence to the Sharia Board's decisions.
- » Ensuring that potential Sharia risks faced by the bank are included in the internal capital adequacy assessment process.



Strategic direction at the Bank is steered by a diverse Board of 11 members, boasting extensive expertise. Of these, 9 members are male, while 2 are female, representing 18.2% of the Board. Whereas 4 members hold independent positions, constituting 36.4% of the Board. Moreover, all board members are non-executive.

The Safwa Islamic Bank, by a decision of the General Assembly of Shareholders, has appointed a committee called the «Sharia Supervisory Board» consisting of 4 members. The opinion of this board is binding on the bank. The board undertakes several tasks, including monitoring the bank's operations and activities to ensure

their compliance with Sharia provisions and giving opinions on the contract forms necessary for the bank's operations and activities. Details about each member, including their appointment date, qualifications, and experiences, are available on our official website at: [Sharia Supervisory Board - Safwa Islamic Bank](#).

It is also worth noting that informative seminars contribute to the collective knowledge of both the Board of Directors and the Sharia Supervisory Board across various topics. Further details on each member are provided in the following table.

Name	Independence Status	Gender	Age	Role	Joining Date
Dr. "Moh'd Naser" Salem Mohammed Abu Hammour	Non-independent Representative of Al-Etihad Isalmic Investment	Male	62	Chairman	Since 4/1/2017
Mr. Samir H. A. Abu Lughod	Independent	Male	72	Deputy Chairman	Since 13/4/2017
Mr. Basem Isam Halim Salfiti	Non-independent Representative of Al-Etihad Isalmic Investment	Male	51	Board Member	Since 4/1/2017
Mrs. Deema Mufleh Mohammad Aqel	Non-independent Representative of Al-Etihad Isalmic Investment	Female	55	Board Member	Since 4/1/2017
Dr. Noufan Mansour Ageel Al-Aqil	Non-independent Representative of Social Security Corporation	Male	52	Board Member	Since 3/8/2016
Dr. Ibrahim Hasan Mustafa Saif	Non-independent Representative of Al-Etihad Isalmic Investment	Male	58	Board Member	Since 22/10/2017
Dr. Abdulghani Ahmed Mohammed Leftesi	Non-independent Al-Etihad Isalmic Investment	Male	53	Board Member	Since 4/1/2023
Dr. Anas Saad H Lamin Bohowish	Non-independent Al-Etihad Isalmic Investment	Male	42	Board Member	Since 4/1/2023
Dr. Khaled F M Zentuti	Independent	Male	69	Board Member	Since 17/12/2018
Mr. Salem Abdel-Monem Salem Burqan	Independent	Male	71	Board Member	Since 17/12/2018
Mrs. Ihssan Zuhdi Abdel-Majid Barakat	Independent	Female	59	Board Member	Since 6/7/2023

## Board Committees

The board of directors forms committees from its members, approves the charter for each committee that include as a minimum the committee composition, its duties and authorities, frequency and quorum of its meetings, nomination of a secretary thereof, while defining his/ her duties including accurately recording all discussions, suggestions, objections, reservations

and methods of voting on the drafted committee decisions. Such committees report periodically to the board and their existence does not relieve the board from its responsibilities. The board forms the following committees as a minimum:



The below tables show the details for each committee as per the Bank's corporate governance guide.

1. Corporate Governance Committee
Committee Chair: Dr. "Moh'd Naser" Salem Mohammed Abu Hammour
Meeting Frequency: At least twice a year.
<p>The Corporate Governance Committee consists of at least 3 members, the majority of whom are independent, and includes the chairman. The committee assumes the following duties:</p> <ol style="list-style-type: none"> <li>1. To oversee the preparation of a corporate governance code and its approval from the board, so that to express the bank's view of corporate governance in terms of its concept, importance and basic principles, in a manner that at least conforms with the legislation in force and ensures the achievement of best practices in this field. This code should be updated whenever necessary.</li> <li>2. To verify that the observations contained in the report of the Internal Audit Department -or any other relevant body- have been corrected, with regard to the bank's compliance with the corporate governance code.</li> <li>3. To inform the Central Bank immediately upon any violations of the provisions and requirements of Corporate Governance Instructions for Banks No. (2/2023) dated 2/14/2023.</li> </ol>

## 2. Audit Committee

Committee Chair: Mr. Samir H. A. Abu Lughod

Meeting Frequency: Quarterly.

### Key Responsibilities

1. The majority of the committee members including the committee chair shall be independent members. The chair of the committee shall not be a chair of any other committee derived from the board, nor the committee shall include the chairman.
2. The majority of the committee members must have academic qualifications in the fields of accounting, finance, or to have professional certifications in these two areas. They must also have relevant experience in the fields of accounting, finance, external audit, internal audit, or banking.
3. In case any member of the audit committee of the Islamic bank does not have appropriate expertise in Islamic bank's business, he/ she shall be subjected to appropriate training program in fields of the standards of accounting and auditing, and the Sharia controls and the standards issued by (AAOIFI) and (IFSB).
4. The committee shall review the following matters:
  - Scope, outcomes, and adequacy of the internal and external audit in the bank.
  - Accounting issues that have material impact on the bank financial statements.
  - Internal control systems.
5. The committee shall recommend to the board the appointment of the external auditor, the termination of their service, determination of their fees, their independency assessment and any other provisions relating to contracting with them. This is in addition to any other services assigned to the auditor.
6. The committee charter shall include the following:
  - The committee shall possess the authority to get any information from the executive management either directly or through the internal and sharia audit manager.
  - The committee shall has the right to call any administrator to attend any of its meetings.
7. The committee shall hold meetings (separate meetings) with the external auditor, Chief Compliance Officer, Internal and Sharia Audit Manager, Chief Sharia Compliance Officer at least once a year without the presence of other senior executive management members.
8. The committee shall review, oversee and ensure that the bank has appropriate and effective whistleblowing procedures, which enable the employee to speak up in a confidential way about any errors in the financial statements, Sharia breaches or any other matters. The committee shall also ensure the availability of arrangements necessary for independent investigation and shall ensure following up investigation outcomes, and treatment actions in an objective manner.
9. The committee shall verify that the internal audit department complies with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA), including conducting an independent external evaluation of the internal audit activity at least once every five years and providing the Central Bank with a copy thereof.
10. The Committee shall verify the availability of sufficient resources and a sufficient number of qualified human staff for the Internal and Sharia Audit Department and enrolling them in specialized training programs, including those in the field of corporate governance.

11. The committee shall verify that the internal audit staff are rotated to the bank audit activities every three years as a maximum. In the event of the inability to achieve this in certain areas, the committee's approval shall be taken regarding the justifications for non-compliance, especially in specialized cases such as the information technology and cybersecurity audit.
12. The committee shall verify that the internal audit staff are not assigned any executive tasks.
13. The committee shall ensure that all activities of the bank are subject to internal and sharia audit- in accordance with the risk-based approach- including outsourced activities.
14. The committee shall evaluate the performance of the internal and sharia audit manager and determine his/her remunerations in accordance with the performance appraisal policy approved by the board.
15. Recommending to the board to approve the appointment of the internal and sharia audit manager, accepting his resignation or terminating his services, based on the recommendations made by the nomination and remuneration committee in consultation with the sharia board, provided that a prior No-objection is obtained from the Central Bank, and the Central Bank has the right to call upon to inquire about the reasons of resignation or termination of services.
16. Verify the rotation of the internal sharia audit employees to audit various bank activities every three years as a maximum. In the event that this is not possible in certain areas, the Committee's approval must be obtained on the justifications for non-compliance, especially in specialized cases.
17. Verify that none of the internal sharia audit employees is assigned with any executive tasks.
18. Recommend to the board to approve the internal and sharia audit charter and verify that it includes the tasks of the internal and Sharia audit department, provided that it shall include the duties, authorities and work methodology of the internal audit department, before circulating it within the bank.
19. Ensure the adequacy and efficiency of the internal Sharia audit department through reviewing its reports and the executive management's feedback on such reports.
20. Ensure the capability of the external auditor to review the compliance of the bank with the Sharia controls within the conditions stated in the engagement letter signed with him and make sure he is doing so.

### 3. Nomination and Remuneration Committee

Committee Chair: Mr. Salem Abdel-Monem Salem Burqan

Meeting Frequency: Quarterly.

The Nomination and Remuneration Committee consists of at least 3 members, the majority thereof including the chair are independent members. This committee has the following roles:

1. Studying the fit and proper of the members nominated to join the board taking into consideration the candidates' capabilities and qualifications, and raising proper recommendation thereon to the board. In case of a member being re-nominated, his/ her attendance and efficient participation in the board and committees meetings must be considered.
2. Ensure that the candidate to join the board's membership has knowledge of banking activities that are compatible with the provisions of Islamic sharia.
3. To inform the Central Bank immediately upon any violations of the provisions and requirements of Corporate Governance Instructions for Banks No. (2/2023) dated 2/14/2023.
4. Recommending to the board the qualified candidates to join the senior executive management.
5. Ensuring that the board members attend banking- related workshops or seminars, especially risks management, corporate governance, and the latest banking developments, especially in the latest Islamic banking developments.
6. Ensure that the Sharia board members attend banking- related workshops or seminars, especially in the latest Islamic banking developments.
7. Determining whether the member fulfills the independent member requirements, taking into consideration the minimum conditions stipulated for in Article (4/e) of SIB's Corporate Governance Guide, and reviewing such on an annual basis. The Central Bank should be provided with any updates on the independence of any of the independent members.
8. Assessing annually the performance of the board as whole, and of its individual committees and members, while following defined and approved assessment basis that is built on objective assessment standard. The results of this assessment shall be reported to the Central Bank. The board members (other than those of the Nomination and Remuneration Committee) shall, on an annual basis, assess the performance of the Nomination and Remuneration Committee and its individual members.
9. Providing board members upon request with the required information and summaries on some important matters in the bank, and making sure to keep them abreast of current topics related to the banking sector.
10. Developing a performance appraisal and compensation policy for the bank's administrator, and reviewing it periodically. This policy should include a mechanism for determining the salaries, remunerations, and other privileges of the general manger and other executive management members. The committee does not have the right to delegate this task to the executive management, and this policy must be approved by the Board.
11. Verify having an experience of at least five years in Islamic banking by the candidates to be appointed in the senior executive management before approving their appointment. Otherwise, the member of the senior executive management shall be subjected to a comprehensive qualifying training program, of no less than three months, in the fields of Islamic banks, accounting and governance standards, Sharia standards issued by (AAOIFI), and (IFSB).

12. Study the fit and proper of the candidates nominated to join the sharia board, taking into account their qualifications and experience. Also, in the case of re-nominating the member, the number of his attendance, and the effectiveness of his participation in the meetings of the Sharia Board must be considered, and it shall recommend to the board the names of those candidates.
13. Set specific, approved and objective bases for the purposes of performance appraisal of the sharia board and its members.
14. Verify the fit and proper of the member of the sharia board, taking into account the minimum conditions mentioned in paragraph (9/ b) of SIB's Corporate Governance Guide, review this on an annual basis, and provide the Central Bank with any updates on the fit and proper of the member.
15. Recommend to the board the approval of a policy to determine the compensations of the members of the sharia board.

#### 4. Risk Management Committee

Committee Chair: Dr. Khaled F M Zentuti

Meeting Frequency: At least once every three months and whenever necessary.

This committee consists of, at least, three members, the majority of whom, including the chair, are independent members. The committee has the following roles:

1. Ensuring the availability of a comprehensive risk management strategy for the bank that includes the type and level of risk appetite for all bank's activities.
2. Verifying the availability of policies and tools for identifying, measuring, analyzing, assessing and controlling risks, while reviewing such on an annual basis as a minimum to ensure their effectiveness and amending them when necessary.
3. Verifying the availability of a risk management system that ensures the accuracy and adequacy of the data used to identify, measure, analyze, assess and control the risks and losses that may result from them, and maintain the necessary capital to meet them.
4. Ensuring the effectiveness of the risk management department's work procedures and assessing the extent to which the executive management abide by the approved policies and procedures.
5. Reporting to the board periodically on the risks to which the bank is exposed, including the exceeding of the accepted risk appetite levels and the procedures to treat them.
6. Following up developments that impact the bank's risk management.
7. Ensuring the availability of risk management measures, including but not limited to:
  - Risk self- assessment and risk indicators.
  - Preparing a historical database of losses, identifying the sources of such, and classifying them according to the type of risk.
  - Ensuring the availability of the necessary equipment, appropriate automated systems and quantitative methods.
8. Ensuring the availability of sufficient resources and enough qualified human staff for the Risk Management Department and enrolling the latter in specialized training programs.
9. Assessing the performance of Chief Risk Officer and determining his/ her remunerations in accordance with the performance appraisal policy approved by the board, after seeking the opinion of the general manager.

## 5. Compliance Committee

Committee Chair: Dr. Noufan Mansour Ageel Al-Aqil

Meeting Frequency: Once every three months and whenever necessary.

The compliance committee consists of, at least, three members, provided that they include an independent member. This committee has the following roles:

1. Ensuring the availability of the bank's compliance policy and procedures issued pursuant thereto, in order to guarantee the establishment of a compliance function capable of performing its tasks effectively. The committee should conduct, at least once a year, an assessment of the effectiveness of the bank's management of non-compliance risks.
2. Approving the annual plan and reviewing the periodic reports prepared by the Compliance Department, which include non-compliance risks assessment, violations, deficiencies and corrective measures taken.
3. Overseeing the implementation of the bank's compliance policy, and making sure that the bank's executive management resolves all compliance-related issues in an appropriate and effective manner.
4. Overseeing the Compliance Department work, and ensuring that appropriate mechanisms are in place to monitor the compliance of all administrative levels in the bank with all regulatory requirements, legislations in force, and international standards, including the recommendations of the Financial Action Task Force (FATF).
5. Ensuring the availability of sufficient resources and qualified human staff for the Compliance Department and enrolling the latter in specialized training programs.
6. Assessing the performance of the Chief Compliance Officer and defining his/her remunerations in accordance with the performance appraisal policy approved by the board, after seeking the opinion of the general manager.

It is prohibited for any board member to be the chair of more than one of the committees mentioned above, nor he/ she can be the chair of more than two of all board committees. The authorities of any board committee mentioned hereof shall not be delegated to any other party.

Banks are also prohibited from forming any committee that has any executive authorities, while this does not include the “facilities committee” stipulated in the Corporate Governance Guide.

## 6. Facilities Committee

Committee Chair: Dr. “Moh’d Naser“ Salem Mohammed Abu Hammour

Meeting Frequency: As needed.

The board constitutes this committee to look exclusively into credit exceeding the authority of the highest committee in the executive management, as follows:

1. The number of the committee members shall not be less than five, one of whom can be independent but not any of them a member in the audit committee.
2. Its authorities shall be exclusively to take suitable decisions for such credit facilities, which have been recommended by the above-mentioned executive committee.
3. The highest limits of the authorities granted to this committee with regards to granting, adjusting, renewing, restructuring, scheduling, or settling the credit facilities shall be defined in a way to make such authorities clear for the board.
4. The minimum quorum to hold the committee meetings is at least four members, and the decisions should be taken by the majority regardless of the number of present members.
5. It shall report to the board the details of the credit facilities it has approved.



## 7. IT governance committee

Committee Chair: Mr. Basem Isam Halim Salfiti

Meeting Frequency: Quarterly basis, at the minimum.

The committee must consist at least three members that will be elected based on their experience and strategic knowledge in the Information technology field. The committee shall be responsible for the following:

1. The committee shall approve the strategic objectives of IT and the appropriate organizational structure, including the steering committees, specifically at the top executive management level (the steering IT committees), in order to guarantee the achievement of the bank's strategic objectives and the best value added from the projects and IT resource investment. The committee shall use the tools and needed measures to supervise and ensure the achievement of these objectives, such as IT Balance Scorecards and the return on investment (ROI). The committee shall measure the impact of contributions made to enhance financial and operational efficiency.
2. The committee shall approve the general framework of managing, regulating, and supervising IT resources and projects that simulates the best approved international practices in this regard, especially Control Objectives for Information and Related Technology (COBIT) that conform with and achieve the objectives and the requirements of instructions through the continuous fulfillment of the institutional objectives, along with the achievement of the accompanying IT objectives' matrix, and covering the processes of IT governance.
3. The committee shall approve the institutional objectives matrix and the accompanying IT objectives, consider their givens as minimum requirements, and describe the sub-objectives needed to achieve them.
4. The committee shall approve the (RACI chart) matrix regarding the main processes of IT governance along with the secondary processes related to: the entity(s), person(s), or party(s) primarily responsible, those who are ultimately responsible (accountable), those who are consulted, and those who are informed for all processes in light of COBIT19 Enabling Processes in this regard.
5. The committee shall ensure that a general framework for IT risk management is in place. And will be consistent and integrated with the overall framework of risk management in the bank, considering and achieving all IT governance processes.
6. The committee shall approve the IT projects and resources' budget in accordance with the bank's strategic objectives.
7. The committee shall undertake the general supervision and monitoring of IT processes, projects, and resources to ensure their sufficiency and effective contribution in achieving the bank's requirements and works.
8. The committee shall monitor IT auditing reports and take the necessary actions to handle deviations.
9. The committee shall give recommendations to the Board to take the necessary actions to correct any deviations.

## Selection of Board Members

[SIB's Corporate Governance Guide](#) has set the following requirements for assuming the chairman or membership of the Board:

1. He/ she shall be of 25 years of age or more.
2. He/ she shall not be a board member, general manager, regional manager, or an employee of any other bank operating in the kingdom, unless the other bank is a subsidiary.
3. He/ she shall hold a university degree, as a minimum, in economics, finance, accounting, business administration, or any other similar specialties. The nomination and remuneration committee has the right to consider other specialties (such as Law and Information Technology) if coupled with banking business expertise or activities relating thereto in accordance with Paragraph (3/d) of SIB's Corporate Governance Guide.
4. He/ she shall not be an attorney, legal counselor, or auditor of the bank, or a counselor of any other bank inside the kingdom.
5. He/ she shall not be a government employee or public official, unless a representative of them.
6. He/ she shall have experience for at least five years in banking, finance, economics, or other fields related to banking activities.
7. He/ she shall not have any relationship, including kinship up to the third degree, with the general manager of the bank, and of the first degree, with any other member of the senior executive management.

---

The Nomination and Remuneration Committee shall determine the requirements necessary to ensure the independence of the member, which shall include the following conditions as a minimum:

- He/she shall be a natural person.
- He/she shall not have worked as an employee or a consultant in the bank or in any of its subsidiaries during the past 3 years prior to his/ her nomination.
- He/she shall not be related (up to 2nd degree relatives) to any other board member of the bank, or to board/ management committee members of other subsidiaries of the bank, or to any major shareholder thereof.
- He/she shall not be related (up to 2nd degree relatives) to any of the senior executive management members of the bank (other than the general manager), or to any of the senior executive management member of subsidiaries thereof.
- He/she shall be neither a partner or employee for the external auditor of the bank, nor has been such during the last three years prior to his/ her nomination.
- He/she shall not be a major shareholder, or an affiliate of a major shareholder in the bank. Neither his/ her contribution with an affiliate contribution shall equal shares of that of a major shareholder, or of a major shareholder in the bank's subsidiaries, or of a major shareholder in the group owning the bank.
- He/she shall not have been a board member of the bank or of any of its subsidiaries or a member of the management committee therein for more than eight aggregate years for the aforementioned memberships. If any member has lost his/ her independence pursuant to this item, the bank has the right to following a cooling- off period of at least (4) consecutive years and in the event of having sufficient justifications, obtain the Central Bank no- objection to consider that member as an independent member.
- Neither he/she, their spouse, relative of the 1st degree, or any company in which he/ she is a member of the board or of the senior executive management, which he/ she owns, or in which he/ she is a major shareholder shall have obtained a credit from the bank exceeding 5% of the bank regulatory capital, nor shall he/ she be a guarantor of credit exceeding the mentioned percentage. The Central Bank has the right to consider some cases related to nominated persons who have memberships in public shareholding companies.

## Sharia Supervisory Board

As an Islamic Bank, the Sharia Supervisory Board represents a key component in ensuring our compliance to Islamic Sharia. Our selection of the Sharia supervisory board members considers the following:

- The Board adopts a policy to ensure the suitability of the members of the committee, including the minimum standards, requirements, and conditions that must be met by the nominated and appointed member. This policy is reviewed whenever necessary.
- The bank shall obtain a no-objection letter from the Central Bank to nominate any person for membership of the Sharia board.
- When there is a need to appoint committee members residing outside the Kingdom, the number must not exceed half the number of committee members.
- The following conditions must be met by anyone holding the position of Chairman or member of the Sharia Board:
  1. Holds at least a bachelor's degree in Sharia sciences in the field of Islamic jurisprudence and its principles, Islamic economics, or Islamic finance.
  2. Has a minimum of 3 years of experience in issuing fatwas and Sharia rulings and/or a minimum of four years of experience in teaching or scientific research after graduation.
  3. Neither the individual nor their spouse or any family member up to the second degree is indebted to the bank or any of its subsidiaries during their membership in the committee.
  4. Has not been employed by the bank or any of its subsidiaries during the two years preceding the nomination date.
  5. Is not a member of the Sharia Supervisory Board of any other licensed Islamic bank in the Kingdom and is not a member of the Sharia Supervisory Boards of more than four non-deposit financial institutions operating in the Kingdom.
  6. Is not a member of the bank's Board of Directors or the owner of a company that deals with the bank, except for transactions arising from the services and/or usual business that the bank provides to its clients, subject to the same conditions applicable to similar transactions with any other party without any preferential terms.
  7. Has no familial relationship up to the second degree with any member of the board or any member of the bank's senior executive management, and does not receive any salary, monetary amount, rewards, benefits, or gifts from the bank except for what is received for committee membership, or any additional work assigned that does not affect suitability.
  8. Is not a shareholder in the bank, any of its subsidiaries, or the group owning the bank.

## Chairman of the Board

The chairman's duties, as outlined by SIB's Corporate Governance Guide, encompass several key responsibilities. These include fostering a constructive relationship between the Board and senior executive management, facilitating open discussion and resolution of differing viewpoints on important issues, and ensuring thorough examination of strategic matters during Board meetings.

Additionally, the chairman ensures that all Board members receive and review meeting minutes and agendas beforehand, establish a charter delineating the Board's scope of work, and provide essential legal and regulatory materials to Board members.

Furthermore, the chairman is tasked with offering summaries of the Bank's operations to new members and guiding them on their legal and organizational responsibilities.

## Communication of Critical Concerns

Once critical concerns are identified, the communication process for sharing them as well as measures taken to address them are summarized as follows:

- **Issues Identified:** Throughout the reporting period, the Risk Management Committee identified several critical instances, including errors in cash deposits, objections regarding credit card transactions, counterfeit pages on social media, and duplications of limits due to system errors. It's noteworthy that these incidents did not incur any losses to the bank.
- **Communication Process:** These critical instances were communicated via various channels, including branch managers, internal communication platforms, and call centers. They were further escalated to the Compliance, IT, Risk Management, and Internal Audit departments, with the outcomes of their investigations detailed in dedicated quarterly reports submitted to the board of directors.
- **Remedial Actions:** All reported risks were effectively addressed during the reporting period through confidential approaches. Moreover, any critical concerns identified within the bank were formally communicated to the board of directors via a quarterly report issued by the Risk Management Committee.

### 3.3 Executive Management and Effectiveness of Operations

SIB's Executive Management (EM) constitutes 13 members, 1 of whom is female. Their names, biographies and positions are available at our website via [Senior Team - Safwa Islamic Bank](#).

The Bank's EM adheres to strategies and policies, implements risk management systems, ensures regulatory compliance, and develops comprehensive procedural frameworks. This includes overseeing financial statement preparation, organizational structure development, and budget planning, alongside maintaining independence and objectivity of supervisory departments. Additionally, it involves facilitating communication with supervisory entities, developing a Code of Conduct, fostering employee skills, and implementing supervisory controls. The general manager is tasked with steering the bank's strategic direction, implementing policies, and managing daily operations, with a focus on transparency and effective communication with the board and employees. They are also responsible for approving detailed task descriptions for organizational units.

#### Delegation of Responsibilities

The board's delegation of responsibility regarding the management of the bank's impacts on the economy, environment and people.

SIB acknowledges the significance of managing its effects on the economy, environment, and society, actively striving to mitigate any adverse consequences in these areas. Accordingly, the Bank's senior management submits periodic reports to the Board through specialized committees regarding the Bank's impact on the economy (market share) and the local community, as well as environmental protection.

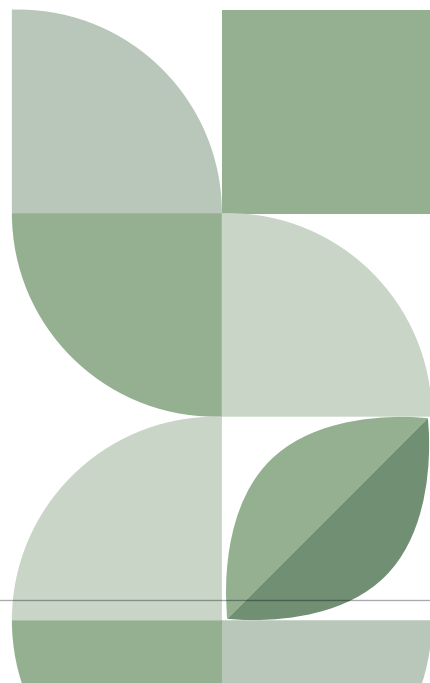
#### Conflicts of Interest

The Board adopts a policy governing conflicts of interest in all its forms, including those arising from the bank's relationship with companies within the banking group. It approves the necessary procedures to ensure the adequacy of internal controls and supervision to monitor compliance with this policy and prevent any breaches.

The Board adopts a code of professional conduct to ensure the bank conducts its business with high integrity. This code includes, at a minimum, scenarios that may lead to conflicts of interest and ensures it is disseminated across all management levels within the bank.

Additionally, the Internal Audit Department conducts an examination at least once a year to ensure that all transactions with related parties have been conducted in accordance with applicable legislation, the bank's internal policies, and approved procedures. It submits its reports and recommendations on this matter to the Audit Committee. The Audit Committee informs the Central Bank immediately upon verifying any breach of applicable legislation and internal policies in this regard.

Furthermore, the Board ensures that the executive management operates with high integrity, avoids conflicts of interest, and implements approved policies and procedures objectively. It also establishes controls for the transfer of information between different departments to prevent its exploitation for personal gain.





## Remuneration

The Board of Directors establishes procedures for determining the rewards of its members, based on an approved evaluation system. The remuneration policy includes the following elements as a minimum:

1. Designed to attract, retain, motivate, and enhance the performance of administrators with competencies, skills, and experiences.
2. Controls related to the rewards of the Chairman, Board members, and their committees for the tasks they undertake, as stipulated in this guide. These rewards may be variable according to the evaluation of the performance of the Board/committees/members and the bank's solvency and performance.
3. Designed to ensure that administrators are motivated to achieve the bank's goals without leading to high risks that may negatively affect the bank's solvency, reputation, or expose it to legal risks.
4. Rewards are not based solely on the current year's performance but also on medium and long-term performance (3-5 years).
5. A mechanism to defer a reasonable portion of the rewards (excluding salaries), determining the percentage and deferral period based on the nature of the work, its risks, and the activities of the concerned administrator.
6. Rewards can take various forms, such as fees, salaries, allowances, bonuses, stock options, or any other benefits, considering the instructions regarding significant interest ownership.
7. A mechanism to retract deferred rewards granted to an administrator if any issues are later found in their performance or if they have exposed the bank to high risks due to decisions within their authority that could have been avoided.
8. No financial rewards are granted to administrators of control departments based on the results of the departments under their supervision.



### 3.4 Risk Management

The Risk Management Department oversees the management of all risks faced by the Bank, including credit risks, operational risks, market risks, liquidity risks, rate of return risk, reputational risks, non-compliance risks, risks associated with non-compliance with Islamic Sharia principles, and other risks. This responsibility involves drafting and reviewing policy and procedure documents, implementing controls, and setting limits for the Bank's activities related to risk management alongside reports on the exposure to said risks and submitting reports on exposure levels to these risks.

### 3.5 Compliance

The Compliance Department takes the necessary measures to ensure the bank's compliance with applicable legislation and to mitigate the risks associated with non-compliance with laws and regulations. The Compliance Department has maintained high levels of compliance throughout the year, as the Central Bank of Jordan has not imposed any penalties for any instances of non-compliance. We have detailed and clear operating procedures regarding regulatory compliance, anti-money laundering, combating the financing of terrorism, and compliance with international sanctions laws. These procedures encompass all required roles at all functional levels within the bank.

The board approves the tasks of the compliance department, so that these tasks include as a minimum:

1. Develop a compliance policy to ensure the bank's commitment to all related regulations, and to ensure that all the employees, each according to his/ her administrative level, are fully informed and aware of this policy, provided that such policy is approved by the board.
2. Develop an annual compliance plan and approve it by the compliance committee.
3. Monitor the compliance of all the administrative levels in the bank with all the supervisory requirements and legislations in force and international standards including the Financial Action Task Force (FATF) Recommendations.
4. Develop periodic reports that include assessing the risks of non-compliance, violations, deficiencies and the corrective actions taken, and submitting them to compliance committee, with a copy sent to the CEO.

#### Employee Training on Policies and Procedures

The management of Safwa Islamic Bank is dedicated to enforcing all policies. Accordingly, the bank has implemented educational programs that focus on acquainting employees with the approved policies and procedures.



## Section 4: Economic Performance and Financial Inclusion

## Section 4: Economic Performance and Financial Inclusion

### 4.1 Economic Performance

Strong economic performance enables the bank to contribute to economic growth, create employment opportunities, support community development, and ensure long-term value for our stakeholders. As such, the bank is committed to addressing the topic of economic performance through a mid-term strategy focusing on responsible growth, risk management, and financial inclusion.

The bank actively manages actual and potential positive impacts by investing in financially viable projects, supporting financial inclusion initiatives, and promoting economic development in our communities.

In this section, we will highlight the Bank's direct and indirect contributions to economic value, showcasing the benefits to the economy and our stakeholders.

#### Management of Material Topic

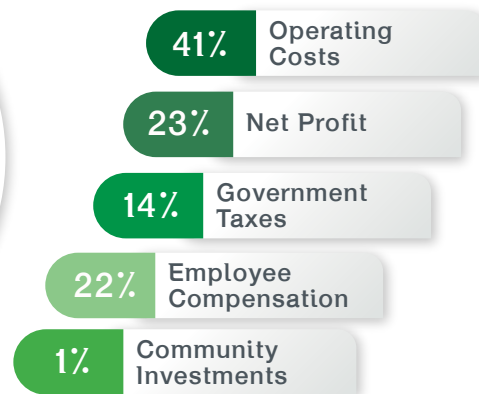
The bank has taken several actions to manage this topic and its related impacts:

1. To prevent or mitigate potential negative impacts, the bank adheres to responsible lending practices, conducts thorough due diligence on investments, and implements robust risk management frameworks.
2. To address actual negative impacts, the bank regularly reviews its portfolio and assesses the economic, social, and environmental implications of our activities, making adjustments as needed.

### Direct Economic Value

In 2023, SIB generated JOD 76.2 million in revenue, with operating costs amounting to JOD 31.4 million, employee compensation totaled JOD 17.0 million, while donations and community investments amounted to JOD 898 thousand.

The bank net profit amounted to JOD 17.5 million after paying taxes to the government amounting to JOD 10.8 million. The General Assembly approved to distribute JOD 20 million as stock dividends to shareholders.





## Indirect Economic Impacts

The bank aims to extend the Jordanian market and infrastructure development beyond the bank's own operations over a long period of time. This is accomplished through SIB's financing of investments within various sectors.

The bank financed a little over one billion JOD (excluding retail financing) as of the year 2023. This financing was mainly focused on supporting Government and associations as it came in first place with JOD 476 million financed and JOD 190 million in financing going

to private sector activities. To achieve the bank's main target in developing the Jordanian infrastructure; the bank invested JOD 121 million in the manufacturing sector, JOD 91 million in the Construction materials, engineering consultancy and contractors, water and energy sectors, as well as JOD 69 million in health and education sectors as well as JOD 59 million in live stocks.

The table shown below illustrates the sectors that the bank invested in, with the total investment value of each sector as of the year 2023.

Sector	Investment Value
Government and associations	476,183
Private organizations, exporting, importing, and other trading activities	190,613
Manufacturing	121,336
Construction materials, engineering consultancy and contractors, water and energy	91,454
Health and educational sectors	68,903
Live Stocks	58,737
Food, restaurants and agriculture	4,189
Cars, Machinery, electrical tools, maintenance services	2,276
Tourism and transport	1,878
Other activities	8,236
<b>Total</b>	<b>1,023,810</b>

- Numbers above are in thousand Jordanian Dinars.

Safwa Islamic Bank is committed to creating positive indirect economic impacts across local communities in Jordan. During the year 2023, the bank supported the communities through the following initiatives:

### 1. Small Enterprise Support and Financing:

The bank provided JOD 127.7 million of financing to small enterprises, contributing to creating jobs in the local economy.

**127.7** million JOD

**Financing to small enterprises**

### 2. Financial Inclusion:

The bank aims to enable financial inclusion through allowing disadvantaged communities to access useful and affordable financial goods and services (transactions, payments, savings, credit, and insurance) and to ensure all individuals meet their needs. The bank has a long-term vision related to financial inclusion, in which the bank aims to support starting and developing new enterprises, investing in education and health, managing risks, and weather financial shocks, all of which may improve the overall quality of life.

## 4.2 Customer Privacy and Satisfaction

### Customer Privacy

Safwa Islamic Bank is committed to protecting the customer's privacy and securing their data. Accordingly, we implement robust management systems and procedures, utilizing industry best practices to protect customer information. Our processes for data collection and transfer when interacting with customers are secure, ensuring the safety and confidentiality of their information.

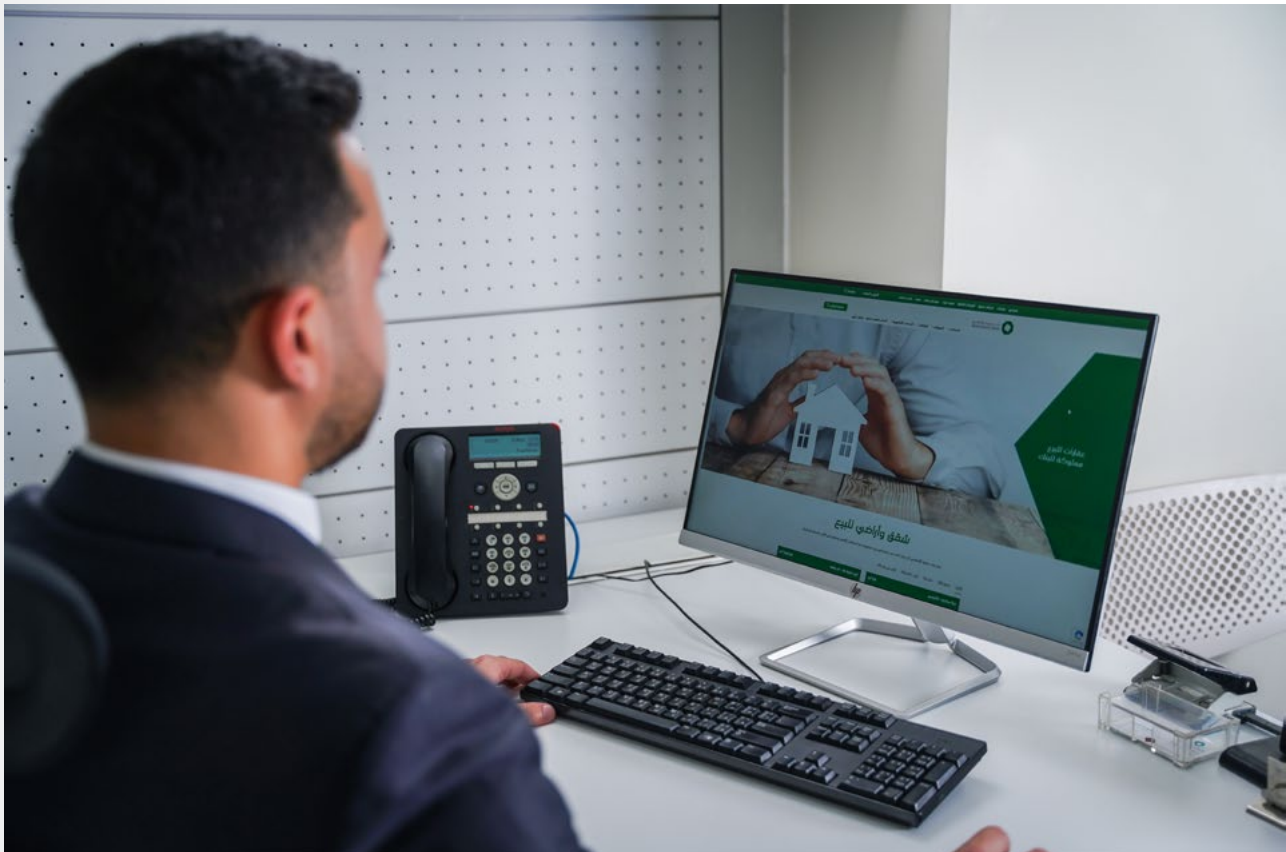
Additionally, we recognize the importance of ensuring the security and privacy of our clients' information, especially when providing electronic services. Thus, we adhere to the highest global standards for cybersecurity and data protection, safeguarding our clients from potential risks associated with using e-services. For this purpose a Client Security Awareness Guide is in place, outlining key guidelines and best practices for our clients to protect their data and prevent fraud. The guide emphasizes the importance of never revealing private information, access keys, account numbers, or credit card numbers through email, attached hyperlinks, text messages, social media, or phone calls. Furthermore, it covers the essential measures clients should take to protect their sensitive information and maintain the security of their accounts.

As a result of our strict data security procedures, there has been Zero records of any identified leaks, thefts, or losses of customer data. As of year-end, no complaints related to breach of customer privacy and losses of customer data and zero complaints and cases related to breach of customer privacy and data losses were registered.

#### SIB's Client Security Awareness Guide

Our [Client Security Awareness Guide](#) provides important information and guidance on:

1. Ensuring the confidentiality of banking information.
2. Safeguarding credit card information.
3. Establishing security guidelines for e-service passwords.
4. Identifying and mitigating various electronic fraud threats.
5. Practicing safe banking via the internet and mobile devices.
6. Shielding against ATM fraud schemes.
7. Employing safe e-shopping practices.



## Customer Satisfaction

As a customer-centric Bank, SIB persistently directs its efforts towards elevating customer satisfaction, fostering loyalty, and ensuring retention. This dedication is evidenced through operational refinements, established policies, and periodic surveys aimed at gauging and improving customer experiences.

Customer satisfaction at SIB is monitored through our periodic customer satisfaction surveys. Customer satisfaction is evaluated by measuring their feedback on account openings, financing, and cards. In 2023, Our surveys indicated market average values of Net Promoter Score (NPS) and Customer Satisfaction Index (CSI).

In 2023, a comprehensive review and overhaul of processes was conducted, aimed at optimizing operational efficiency and enhancing customer experience. Such processes include the following:

- Process re-engineering efforts included refining the retail credit policy and procedures, streamlining archiving procedures, and spearheading the Commission adjustments project alongside comparative studies.
- Adoption of new mechanisms and instructions regulated customer classification processes, ensuring alignment with updated policies.
- Improvements were made to after-sales services by decentralizing certain roles to branches and implementing auditing by branch controllers.
- Enhancements were applied to the mechanism for amending telephone numbers within the core banking system.
- Development of a comprehensive policy for investment in real estate established the general framework and principles guiding management.
- Implementation of processes facilitated the replacement of existing customers seeking financing from the bank.
- Efforts focused on enhancing COSO roles and processes to bolster overall operational effectiveness and risk management.

## 4.3 Procurement and Suppliers

### Local Supplier Engagement at Safwa Islamic Bank

The bank identifies Procurement as a material topic based on stakeholder feedback and internal assessments of its economic impact on local communities. Accordingly, SIB's strategy aims to procure services and works within the local economy we operate in, so that we can support proper economic growth.

Safwa Islamic Bank primarily engages with local suppliers who are subject to Jordanian laws and regulations and are legally registered to operate in Jordan. These suppliers are obliged to adhere to the laws and regulations regarding child labor and forced

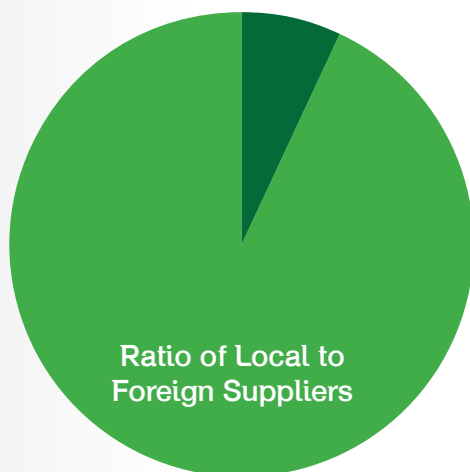
labor in Jordan, which implements a national framework to combat child labor. This framework enforces the responsibilities of the Ministry of Social Development in protecting working children as stipulated by the Juvenile Law No. 32 of 2014.

Additionally, Jordan is a member of the International Labour Organization (ILO) and is committed to the Convention on the Rights of the Child and its two Optional Protocols, along with the ILO conventions, including the Minimum Age Convention No. 138 and the Worst Forms of Child Labour Convention No. 182.

The bank only works with suppliers who meet the technical and financial requirements to supply the required product. The Procurement Committee evaluates the offers from suppliers, ensuring the quality of the services or products they provide, delivery schedules, their usual clientele, the proposed purchase price, financial stability, previous purchasing experiences with the bank, and reviews their historical documents that demonstrate their expertise in providing solutions. This evaluation process also ensures the absence of conflicts of interest. This procurement approach guarantees the bank minimizes any impacts arising from contract arrangements.

Seeking to reduce our carbon footprint and support our local community, SIB remains committed to purchasing most of its supplies from local vendors. This is evident as %93 of our suppliers for 2023 were local, totaling 432 local companies out of 463 total suppliers. This approach supports local economies and helps create job opportunities in the communities we serve. We are steadfast in our commitments to strengthening relationships with local suppliers and continuously seeking opportunities to increase spending on local procurement.

Our main types of suppliers cover software and hardware vendors, marketing companies, stationary suppliers, event management companies, cleaning and security companies, food and beverages suppliers, furniture suppliers, etc. They are involved in the Bank's operations related to Information Technology (IT), archiving, compliance, risk management, event management, office furnishing, among others.



- Number of Local Suppliers 93 %
- Number of Foreign Suppliers 7 %

In 2023, a total of 16,228,088 JOD was paid to local suppliers, whereas a total of 580,584 JOD was paid to foreign suppliers. At a percentage of %97 to %3 respectively.



- Total payment to Local Suppliers 97 %
- Total payment to Foreign Suppliers 3 %

### Supplier Management

At Safwa Islamic Bank, we place great emphasis on the bank's procurement and supply chain management. Through our supplier selection process, detailed in the governance manual, we ensure that suppliers meet the bank's standards for quality, reliability, and sustainability. The key evaluation criteria in this area include cost, quality, delivery time, market competitiveness, customer base, financial stability, industry experience, compliance with standards, provision of successful similar solutions, and after-sales service. By adhering to these standards, we promote responsible business practices throughout our supply chain and align our procurement with ethical, environmental, social, and governance principles.

### Environmental Assessment of Suppliers

The bank works only with suppliers who have significant expertise in the required field to avoid potential violations such as child labor. The bank investigates suppliers (issues, disputes, and court cases) as any case or report published in the newspaper is investigated and verified before dealing with the supplier. If there are labor issues or child labor cases, the bank does not engage with the supplier. Additionally, the bank generally works with the largest suppliers in each sector.

Safwa Islamic Bank collaborates only with suppliers who are technically and financially capable of providing the required product. The bank follows a specific criterion when selecting suppliers before deciding to sign an agreement with them, as mentioned at the beginning of this section.

## 4.4 Anti-Corruption

SIB encourages transparency, combat corruption, and strengthen institutions for sustainable development. We work on enhancing the rule of law, ensuring equal opportunities, and striving to reduce corruption and bribery in all its forms. As Corruption can undermine trust, hinder economic growth, and lead to unfair business practices, the bank recognizes the actual and potential negative and positive impacts on the economy, environment, and people, including impacts on their human rights, are significant resulting from corruption.

A strong commitment to combating corruption can foster a positive business environment and enhance our reputation. Our bank addresses the topic of anti-corruption through a comprehensive policy framework that outlines our commitment to ethical business practices, zero-tolerance for bribery, and adherence to all applicable laws and regulations.

Some of the actions to ensure combatting corruption in the bank's operations as well as its negative impacts include:

1. The bank implements a confidential mechanism that allows employees and stakeholders to report suspected cases of corruption. When necessary, the bank takes corrective actions, including conducting investigations, taking disciplinary measures, and improving internal controls. The bank provides a specific methodology that ensures confidentiality and protection for the reporting party of any suspected or questionable case of internal corruption or fraud. After reporting, the bank carries out the necessary follow-ups and investigations to verify the validity of the report and takes the required actions to correct operations and practices, and imposes the necessary disciplinary actions.
2. Enhancing transparency and ethical behavior in the banking sector and collaborating with other institutions to exchange best practices in this field and effecting positive change in combating corruption.

In 2023, none of the non-compliance cases were flagged for corruption.

### Operations Assessed for Risks Related to Corruption

The bank aims to ensure the availability of the necessary controls to avoid possible risks arising from non-compliance through continuously reviewing all policies, procedures, agreements, announcements, and any new services or products, and that to ensure the adequacy of the necessary controls related to anti-corruption.

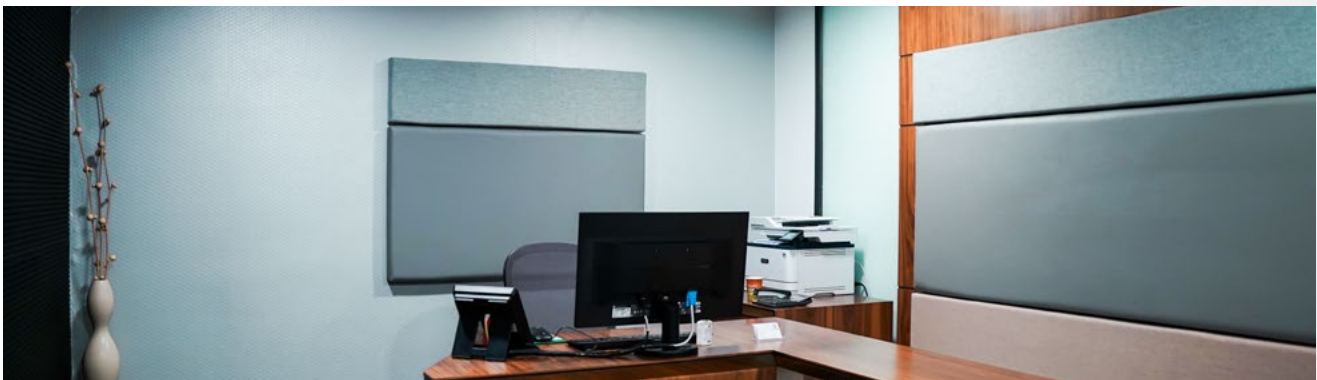
The bank's internal audit and compliance departments have not reported or investigated any case of non-compliance or risk related to corruption during the year 2023.

### Anti-Corruption Communication and Training

The bank adopts varying measures to raise internal and external awareness for combating corruption incidents. The measures adopted by the bank includes the following:

1. The bank raises the employees' awareness through regular communication with all employees, sending out generalization emails with regards to conflict of interest, penalties, and reporting policies and procedures.
2. The bank obligates employees, to attend a a training on financial crimes. The training course is focused on guiding on compliance and money laundry policies and procedures.

For future years, SIB plans to include the anti-corruption topic within the training course provided to newly hired employees.





## Section 5: Environmental Leadership

## Section 5: Environmental Leadership

Being a Jordanian bank, SIB is familiar with the environmental and energy landscape of Jordan and is committed to aligning with national plans in this regard. We seek to contribute to the National Energy Sector Strategy for 2020-2030 which aims to enhance energy self-sufficiency by increasing the proportion of renewable and alternative energy sources in meeting the Kingdom's electricity demand.

In accordance with these objectives, we continuously monitor our Greenhouse Gas (GHG) emissions with the objective of implementing reductions wherever feasible. Moreover, we acknowledge the water scarcity challenges facing our country and endeavor to monitor our water consumption, striving to conserve water and minimize losses. Regarding solid waste management, we recycle paper waste and promote waste segregation practices at our offices.

The bank aims to engage in facing the climate change challenges that are threatening people, business operations and economies around the world.

The impacts of global warming from the heat-trapping gases released by power plants, vehicles and other sources take root in everyday life. The bank plays a major role in mitigating the negative impact of climate change reflected through financing companies in a way that slows the Earth's warming and moves the world economy away from fossil fuels and into cleaner technologies.

SIB's commitment towards addressing climate change is featured through the annual sustainability reporting showing the bank's orientation aiming to disclose and tackle possible aspects that can mitigate climate change impact. As such, the Bank plans to excel in climate action, based on ambitious GHG emission reduction targets and encouraging the bank's supply chain to reduce their own emissions.

In addition, the bank promotes the transition to a low-carbon economy through the adoption of smart and renewable energy generation technologies on a large scale through wheeling projects.



### 5.1 Energy

#### Energy Solutions and Digital Innovation

As part of SIB's pursuit of sustainability, we have embraced renewable energy solutions, particularly solar power, across 32 branches. Accordingly, SIB integrates solar energy into day to day operations through grid wheeling.

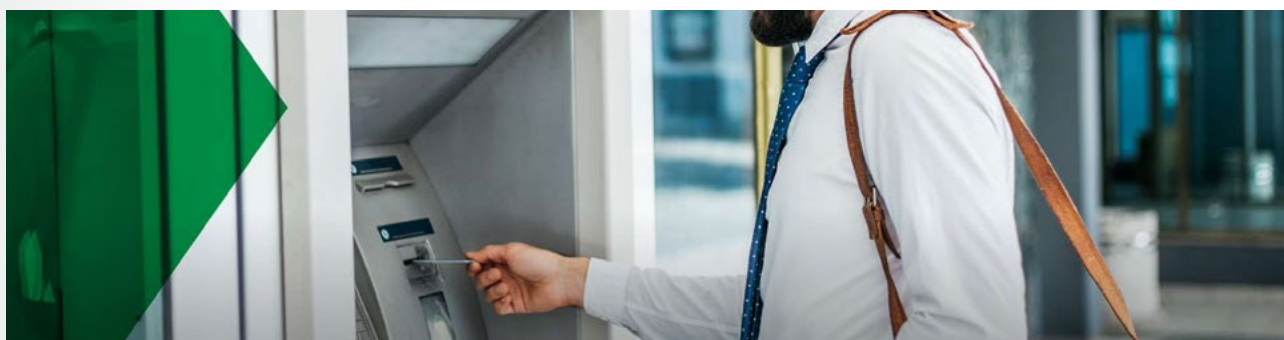
The Bank installed a one-megawatt (MW) PV system in 2020. Additionally, SIB remains dedicated to furthering reliance on renewable energy as the primary energy source for our operations.

Solar energy production (kWh) - 2023	1,785,591
Total Emissions savings (mtCO <sub>2</sub> e) - 2023	630
Percentage of solar energy consumption out of total energy	50%
Number of branches operating with solar energy	32



### Energy Consumption Within SIB

	2022	2023	Percent Change
Electricity consumption from renewable resources (kWh)	1,807,184	1,785,591	-1%
Percentage of consumption from renewable resources	57 %	50%	-7%
Total electricity consumption (kWh)	3,235,261	3,545,824	9.6%
Total electricity consumption (GJ)	11,647	12,765	9.6%
Intensity (kWh/Employee)	4,655	4,766	2.4%



### Energy Consumption Outside of the Organization

Energy resulting from our upstream and downstream activities cover several areas, for this report we calculated them from the following sources: local

employee commute, courier services. Further categories are planned to be incorporated in the future.

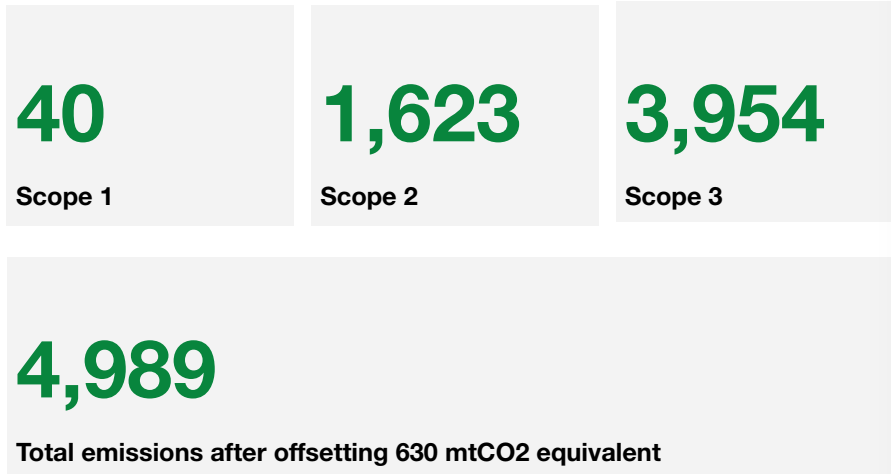
Scope 3 Source	Consumption
Courier (litres of fuel)	129,729
Local travel (litres of fuel)	1,309,299
Total (litres)	1,439,029
Total (GJ)	49,214
Intensity (GJ/Employee)	66



## 5.2 Emissions

In 2023, a total of 5,618.59 mtCO<sub>2</sub>e were emitted, with an intensity of 7.55 mtCO<sub>2</sub>e per employee. Through the adoption of renewable energy, our total emissions were offset to 4,988.88 mtCO<sub>2</sub>e.

The bulk of emissions originated from scope 3 sources (70%), followed by scope 2 sources (29%), while scope 1 sources make a minimal contribution to overall energy consumption.



### Scope 1 GHG emissions

Scope 1 emissions represent direct greenhouse gas emissions stemming from sources under the ownership or control of the Bank, encompassing emissions from fuel combustion in owned vehicles or on-site industrial processes. Our Scope 1 emissions primarily stemmed

from seven SIB-owned cars, amounting to 40.41 mtCO<sub>2</sub>e, with an intensity of 0.05 mtCO<sub>2</sub>e per employee. In line with our commitment to reducing our carbon footprint, we introduced 2 hybrid cars to our fleet in 2023. In comparison with 2022, Scope 1 emissions have increased by 24.07% in 2023.

	2023	2022	%Change	2023 Intensity (mtCO <sub>2</sub> e/ Employee)
Scope 1 (mtCO <sub>2</sub> e)	40.41	32.57	24.07%	0.05

### Scope 2 GHG emissions

Scope 2 emissions encompass indirect greenhouse gas emissions linked to the consumption of purchased electricity, heat, or steam by the entity. These emissions stem from activities beyond the Bank’s immediate control yet remain connected to its operations. Our scope 2 GHG emissions were derived from electricity

usage for air conditioning and other operational needs. Altogether, scope 2 sources contributed 1,623.65 mtCO<sub>2</sub>e of GHG emissions, marking a 0.61% increase compared to our scope 2 emissions in 2022. Additional details on scope 2 emissions are provided in the following tables.

	2023
Scope 2 - Air Conditioning (mtCO <sub>2</sub> e)	373
Scope 2 – Electricity (mtCO <sub>2</sub> e)	1,250
Scope 2 (mtCO <sub>2</sub> e)	1,623

	2023	2022	%Change	2023 Intensity
Scope 2 (mtCO2e)	1,623	1,613	0.61%	2.18

- Intensity for 2023 is calculated in mtCO2e per employee

### Other indirect (Scope 3) GHG emissions

Scope 3 emissions are indirect greenhouse gas emissions that occur in the value chain of the reporting organization, including both upstream and downstream sources such as purchased goods and services, employee commuting, business travel, and waste disposal. These emissions often represent a significant portion of an organization's total carbon footprint and require collaboration with suppliers and stakeholders to effectively manage and reduce.

SIB has started to calculate its scope 3 GHG emissions in 2023 and seeks to expand on further scope 3 aspects for the future. Our calculated scope 3 emissions for 2023 addressed local employee commute, courier services, and air travel. Overall, scope 3 emissions totaled to 3,954.53 mtCO2e at an intensity of 5.32 mtCO2e/Employee. It's noteworthy that the majority of our air travel is conducted in economy class as part of our initiatives to reduce our carbon footprint.

Scope 3 Source	2023
Courier	328.76
Local Employee Commute	3,613.59
Air Travel	12.18
Total	3,954.53
Intensity (mtCO2e/Employee)	5.32

### 5.3 Resource Efficiency and Waste Management

#### Waste Management

SIB primarily generates domestic waste alongside paper waste. The Bank is fully committed to reducing negative impacts of all waste that is generated in the bank initially by reducing the generation from the source. Additionally, for paper waste, Safwa Islamic Bank fully recycles all of its generated paper waste through certified vendors. As for the other types of waste, the disposal of domestic waste at the facility level is handled internally by the Bank and is externally handled by local municipalities to be disposed of at designated disposal zones.

To foster a culture of responsible waste management, the Bank conducts employee awareness sessions ensuring that staff comprehend the significance of proper waste disposal practices and adhere to established waste management policies.

The only category of waste that is being tracked and diverted from landfills is paper waste, the Bank successfully recycled a total of 3,504 kilograms, resulting in emissions savings of 0.017 mtCO<sub>2</sub>e.

**3,504** kg

Paper waste recycled - 2023

**17** kgCO<sub>2</sub>e

Emissions Savings from paper recycling

#### Water Resource Management

The water consumption at SIB primarily serves employee needs and cleaning requirements, sourced from the water authority and service provider.

Effluent produced at SIB premises consists of domestic wastewater, discharged into the municipality sewage system without the necessity for pre-treatment due to its domestic nature. The water consumption at SIB primarily serves employee needs.

The water consumption at SIB primarily serves employee needs and cleaning requirements, In total, 1,903,314.58 liters of water were consumed.

	2022	2023	% Change
Total water consumed (m3)	6,203	3,866	-37.7%
Area (m2)	28,448	18,308	-35.6%
Utility water consumption per area (m3/m2)	0.218	0.211	-3.2%
Utility water consumption per employee (m3/employee)	8.92	5.20	-41.8%



## Section 6: Social Responsibility and Human Capital

## Section 6: Social Responsibility and Human Capital

SIB is committed to diversity and equality in the workplace, in our recruitment process, we actively seek individuals from diverse backgrounds and abilities, ensuring equal opportunities and non-discrimination across our workforce. Furthermore, the Bank is dedicated to fostering inclusion for individuals with special needs, as outlined and regulated by the Ministry of Labor in Jordan.

Safwa Islamic Bank seeks to maintain a workplace culture that cultivates employee diversity aiming to benefit from a wider skills and knowledge pool. In 2023, Safwa Islamic Bank's employees total number reached 744, with females comprising 34%. SIB registered an increase from the previous year in recruitment, with 134 new hires and with turnover rate of 9.8%.

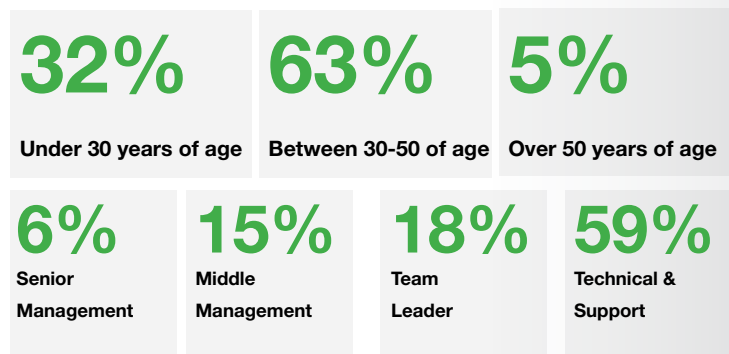
It is noteworthy that these rates are within the normal average for the banking sector.

Safwa Islamic Bank does not engage in discrimination based on race, color, gender, religion, political views, national origin, social background, or any other pertinent forms of discrimination within the Bank.

This is displayed in the below tables showing diversity in age, and gender across employment levels.

The classified percentages presented herein by category, age, and gender underscore SIB's commitment to creating an inclusive work environment and implementing progressive recruitment practices in a way that indicates the strategy and ability of diversity.

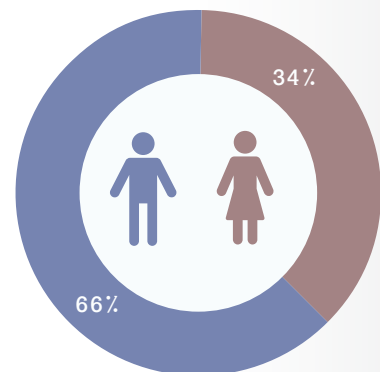
As shown, the majority of SIB's employees are in the technical and support category 58.74 while team leaders and middle managers fall within similar percentages (18.15% and 14.92% respectively), senior managers are the least at 6.05%. In terms of age, the majority of employees are between 30 and 50 years of age at 62.90%, with the least percentage for the over 50 years of age category.

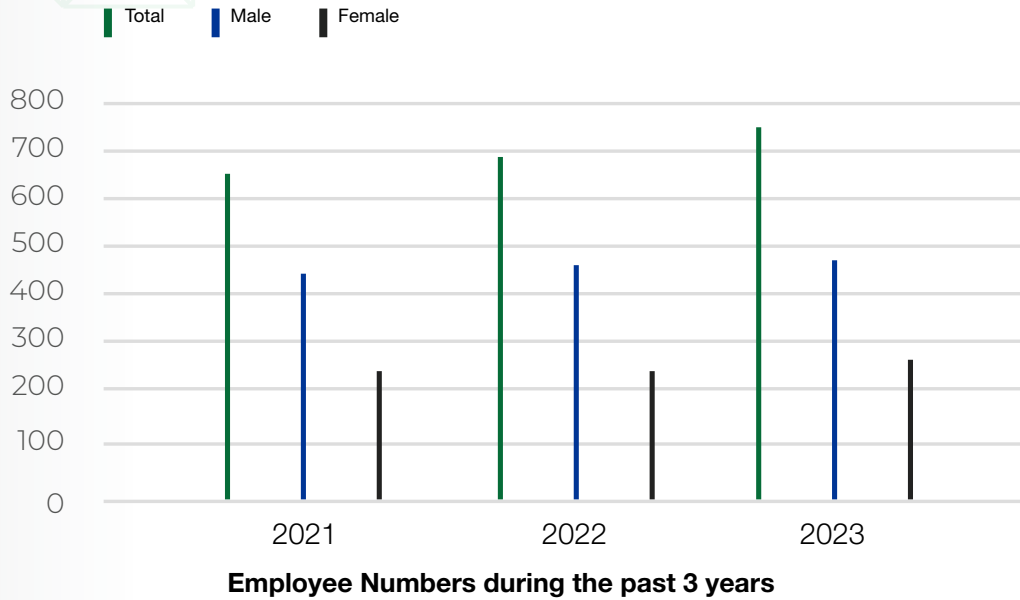


### Employee Distribution by Gender

Safwa Islamic Bank in 2023 had 18% of women to 82% men in senior management, 25% of women to 75% men in middle management, 21% women to 79% men as team leaders, and 43% of women to 57% of men in the technical and support department. SIB has 62% aged (30-50) in senior management, 94% in middle management, 87% of team leaders, and 49% in technical support department.

This indicates that by going down in management level the diversity range increases in terms of gender and by going up in management level diversity range increases in terms of age. SIB provides equal opportunities for advancement and recruitment at low management levels.





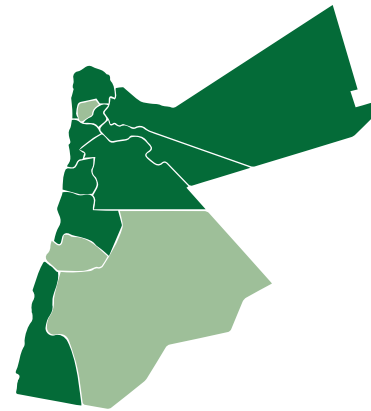
### 6.1 Employee Wellbeing

All of our employees are full-time workers, comprising both temporary and permanent staff. None are categorized as non-guaranteed-hours employees or workers who are not considered employees.

Analyzing our employee data over the last three years reveals a steady rise in employee numbers annually. Females constitute 34% of our workforce, while males make up 66%. In 2023, the total number of employees increased by 7% from 695 to 744, with a 6% increase for males and a 9% increase for females. Employee data was collected using the headcount at the end of each year method.

Our operations cover 9 governorates across Jordan, namely those are: Amman, Irbid, Zarqa, Mafraq, Jerash, Madaba, Balqa, Karak, and Aqaba. Since we are headquartered in Amman, the majority of our employees reside there at 5%, 85% are in Irbid Governorates and 4% are in Zarqa governorates and the rest are dispersed equally across the 7 other locations. (refer to the figure on the right)

Regarding the distinction between permanent and temporary employees, the bulk of our workforce, totaling 738 individuals, hold permanent positions, while only six employees, situated in our Amman branch, are classified as temporary. Additional information is available in the subsequent tables.



<b>Amman</b> 85%	<b>Irbid</b> 5%
<b>Zarqa</b> 4%	<b>Mafraq</b> 1%
<b>Jarash</b> 1%	<b>Madaba</b> 1%
<b>Balqa</b> 1%	<b>Karak</b> 1%
	<b>Aqaba</b> 1%



### Employee Distribution

	2021	2022	2023
Total Number of Permanent Employees	656	692	738
<b>Number of Permanent Employees by Gender</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Male	436	457	482
Female	220	235	256
<b>Number of Permanent Employees by Governorate</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Amman	557	582	628
Irbid	37	37	39
Zarqa	21	26	28
Mafrq	0	7	6
Jerash	7	7	8
Madaba	8	7	7
Balqa	8	8	6
Karak	8	9	9
Aqaba	10	9	7

- Since 2021, all temporary staff members, who were contracted in Amman, have been male. Their numbers over the years are as follows: 2 in 2021, 3 in 2022, and 6 in 2023.
- Misc brokerage has 9 registered employees that are additional to the numbers reported above, Misc is a subsidiary of SIB and is fully owned by the bank. Its governance structure falls under SIB's BOD and is further elaborated in Misc Brokerage's annual report.



## Employee Benefits

Safwa Islamic Bank's full-time employees excel in incentives and rewards, which reflects the commitment to investing in human capital and ensuring competitive benefits to enhance staff retention. Benefits that SIB provide for employees include:

- 1. Social Security and Retirement:** SIB contributes 14.25% of the employee's salary covering retirement ages of 60 for men and 55 for women, in accordance with the SSC law.
- 2. Health Care:** SIB extends health coverage to employees and their families covering treatment outside and inside hospitals. In addition, to providing free common illness medicines; blood pressure and diabetes.
- 3. Annual Leave:** Employees receive 14 days of paid annual leave, which increases to 21 days after five years of service.
- 4. Bonuses and Salary Increments:** SIB offers a guaranteed annual bonus equivalent to 4 months' salary, along with performance bonuses and salary reviews.

Moreover, Safwa Islamic Bank offers parental leave that is considered a crucial right for employees, as it supports work-life balance, employee well-being, and retention. Providing such benefits can boost morale and productivity by showing employees the values of their personal lives and supporting them during significant life events. Safwa Islamic Bank had a 90% return to work rate in terms of female employees who took maternity leave in 2023, as well as male employees whose return to work rate is 100% which is similar to years 2021 and 2022, noting that the Jordanian labor law provides substantially lower parental leave days for male employees.



## 6.2 Occupational Health and Safety

### Hazard identification, risk assessment, and incident investigation

Safwa Islamic Bank conducts a routine branch visit to inspect all security and safety systems, ensuring their effectiveness. Additionally, each branch undergoes an annual assessment by a dedicated security and safety staff member, followed by a visit from the Director of Administrative and Support Services to address any outstanding issues noted during previous inspections. These visits aim to systematically identify hazards and evaluate risks on both routine and non-routine bases.

Safwa Islamic Bank identifies the possible future incidents that might occur and evaluates the risk for the identified hazards as per the risk assessment procedures applied, thereafter, it modifies and updates the risk register.

Safwa Islamic Bank describes the processes to identify hazards and assess risks by adopting safe work methods that ensure that work is carried out in a way that prevents employees from being exposed to dangers or any diseases while performing the daily tasks required, identifying and evaluating occupational risks associated with workplaces, and establishes procedures and controls that limit their impact on employees and the work environment, The Administrative and Support Services team at the bank manages Occupational Health and Safety, ensuring the presence of a safe work environment, monitoring work-related accidents or injuries and ways to prevent them, and studying any proposals, recommendations, or complaints related to work risks.

Safwa Islamic Bank enforces its health and safety policy, conducting regular inspections of fire detection systems, extinguishers, and non-smoking warning signs every six months. The Bank also ensures the availability and proper usage of water hoses and pumps, coupled with routine maintenance and cleaning of workplace facilities during holidays and off-hours.

### OHS System

The Bank is committed to providing a healthy and safe work environment by following safe working methods, identifying hazards, providing awareness and training, medical care, first aid, preventive precautions, and maintenance, and ensuring compliance with legislation. SIB includes performance indicators, conducting periodic evaluations, training employees on emergency plans, securing assets, and taking into account the priority of protecting assets and workers.

In addition, the bank has specified safety instructions for each category, including instructions for handling hazardous chemicals and electricity, safety while driving and using vehicles, and providing health care and first aid.

Safwa Islamic Bank prioritizes the well-being of its employees, recognizing that their health and safety are paramount. In line with this commitment, the bank has undertaken proactive measures to enhance awareness and knowledge of health and safety practices among its workforce. To achieve this, Safwa Islamic Bank has organized and implemented comprehensive training courses focused on this matter. Remarkably, a significant number of 726 employees actively participated in these training sessions, representing 97% of the total employees.

Safwa Islamic Bank also provides training to newly hired employees regarding first aid and evacuation procedures in case of fire, security risks protests and natural disaster. SIB provides training as per the Management and Service policy and procedure manual.

### Promotion of Worker Health

Safwa Islamic Bank demonstrates its commitment to inclusivity by providing specialized facilities for special needs personnel across its branches. In 2023, facilities were available for 22 of our branches, which is an addition of 5 branches in comparison with 2022. The Bank ensures accessibility for employees facing special health conditions, by offering designated parking lots closest to entrances/exits and installing ramps for ease of access. Moreover, SIB provides independent offices, ATMs equipped with Braille support, electronic banking service explanations, and distributes special brochures outlining available products and services in branches.

### Coverage and Recorded Injuries

Safwa Islamic Bank applies occupational health and safety standards to all employees as per labor law number 85.

Safwa Islamic Bank has reported minimal instances of work-related injuries and illnesses in the years 2021 to 2023. This suggests that the work environment at SIB poses minimal risk to health and safety. It also reflects positively on the effectiveness of the occupational health and safety management practices implemented.



### 6.3 Employee Development

At SIB, we recognize the importance of employee development in fostering ongoing growth and bolstering organizational effectiveness. For this purpose, tailored training programs are offered to employees annually, in addition to providing them with regular performance reviews.

#### Employee Training Programs

Safwa Islamic Bank training programs are designed in response to identified needs, which are obtained from many sources including the bank's strategies and objectives, annual performance evaluations, semi-annual performance reviews, and communications from department heads containing the training their employees need.

Following the training needs identification, the human resources department prepares an annual training agenda at the beginning of each year which contains all the training programs intended to be held with its targeted jobs, in addition to that SIB evaluates the efficiency and effectiveness of the previous year's training plan and conducts a gap analysis to address them.

SIB ensures the selection of the trainers to maintain the quality of the provided training, SIB meticulously selects trainers who meet specific criteria. The criteria include expertise in the relevant field, proficiency in presentation and communication skills, and demonstrated experience in delivering training programs. Additionally, trainers undergo periodic performance evaluations to ensure continued excellence in their roles.

Safwa Islamic Bank provides a variety of training programs available in both in-person and online, SIB includes three main training programs:

1. Training programs facilitated by internal or external trainers.
2. Local training programs arranged by local authorities within Jordan.
3. External training programs represent all training programs and events held outside Jordan. All expenses and compensation for external training programs are subject to the travel policy for work and training purposes.
4. On-the-job training for new employees, employees in new positions, and trainees for hiring purposes.

## Training Statistics

In 2023, Safwa Islamic Bank tracked the average hours of training across various categories and genders. A comprehensive overview of SIB's workforce development efforts in diversity and inclusion is reflected in the breakdown of training hours by gender, demonstrating the dedication to providing equitable learning opportunities for all members of the team.

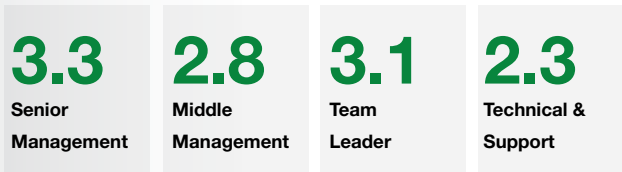
In 2023, a total of 172 training courses on various topics were provided to our employees. The following table lists the training programs provided, the scope covered and the number of courses.

Program Name	Description	Number of Participants	Number of Trainings
Sharia Educational Programs	These programs aim to develop employees skills in Islamic banking and provide them with the foundational principles of Islamic banking that enable them to serve clients properly and avoid Sharia violations in executing transactions.	554	2
Policies, Laws, and Approved Work Procedures Educational Programs	The banks management is keen on adhering to all approved policies and laws, which contributes to monitoring wcompliance with relevant regulations and legislations.	2276	8
Administrative and Personal Skills Development and Positive Behaviors Programs	These programs aim to develop employees administrative skills, assist leaders in achieving the banks goals, and provide them with the necessary skills to perform their duties professionally.	1698	13
Best Practices in Customer Service Programs	These programs aim to enhance employees skills in excellent customer service, maintaining customer relationships, handling complaints, and emphasizing the banks mission to provide outstanding and innovative services aimed at building a lasting partnership, and to acquaint them with the principles of proper sales according to the highest quality standards.	12	1
Specialized Banking Operations Programs	These programs aim to confirm and enhance employees knowledge in their specialized fields of work and inform them of the latest developments and updates in their work, thereby increasing efficiency and effectiveness in performing their various tasks.	1058	86
New Employee Training and Qualification Programs	Training and providing new employees with all necessary information and support to ensure their integration into the work environment and achieving the expected performance from them.	77	2
Specialized Professional Certificates	Training and empowering employees with knowledge and enhancing their skills through obtaining specialized professional certificates.	26	20
Conferences and Seminars	Attending a number of conferences and seminars.	77	40
<b>Total</b>		<b>5778</b>	<b>172</b>



Safwa Islamic Bank distributes training among employees across hierarchy and gender levels almost evenly, demonstrating inclusive and non-discriminatory practices. On average, male employees receive 2.56 training hours, while female employees receive 2.57 training hours.

The below figure clarifies the average training hours of each employee category:



### Regular Performance and Career Development Reviews

Safwa Islamic Bank conducts regular performance and career development review to all employees without exceptions. This aids the personal development of SIB employees as the Bank motivates employees to contribute to skills management and the development of human capital. SIB decides the yearly awards and promotions according to the employee’s performance review results.

Furthermore, regular performance and career development enhance employee satisfaction, which correlates with improving the bank’s performance and increasing employee satisfaction. This goes in line with SIBs overall performance and competency standards leading to improving SIB’s trust with its customers.



## 6.4 Community Support and Development

### Community Development through Employment

Forty of the bank's branch managers are Jordanians and residents of the geographical location of their branch, while two branch managers are Jordanians but are not residents of their branch locations. Currently, 95.23% of the bank's branch managers are hired from the local community. The bank recognizes the importance of supporting the local community and strives to develop local talent. The bank aims to ensure that the bank manager has a strong understanding of the local market and its unique needs.

That in return can demonstrate the bank's positive presence in the local market of each branch and enhance the human capital.

### Community Development through Engagement

SIB recognizes the importance of supporting the local community and strives to develop local talent. In line with this commitment, we have established several initiatives to identify, develop, and promote local talent within our organization. These initiatives include mentorship programs, leadership development training, and succession planning, which contribute to a diverse and

inclusive workforce that reflects the communities we serve.

Moreover, we track the proportion of senior management hired from the local community. Currently, 100% of our senior management team members across Jordan have been hired from the local community. This not only supports our community but also ensures that our management team has a strong understanding of the local market and its unique needs.

### Implemented Initiatives

At SIB, we launch numerous initiatives aimed at enhancing local communities across various sectors including education, poverty alleviation, sports, and culture. This underscores our commitment to providing dedicated support to local communities, with the aim of mitigating and minimizing negative impacts on vulnerable groups.

During 2023, SIB continued to extend our support through community initiatives, reflecting our dedication to participating in the development and advancement of the local community in all its aspects. The contributions made by Safwa Islamic Bank to serve the local community included:

### A. Educational and Religious Initiatives

1. Signing a cooperation agreement with the Al-Aman Fund for the Future of Orphans to cover full scholarships for university studies for a number of students who are beneficiaries of the fund until graduation.
2. Providing scholarship coverage for five students for a bachelor's degree - Hayat Education Fund Association.
3. Sponsoring the Third National Conference on Economics - Jasmine Foundation for Conducting Training Courses.
4. Covering membership joining fees for the Bank's membership in Injaz.
5. Supporting the ceremony honoring the winners of the Hassan Bin Talal Award for Scientific Excellence in cooperation with the Supreme Council for Science and Technology.
6. Backing the Second Jordan International Conference on Process Safety with the Jordanian Engineers Association.
7. Donating to the "Back to School Campaign 2023" project, distributing school bags and stationery to students across various Jordanian governorates, and contributing to other initiatives with Nawah Company for Sustainable Development - Crown Prince Foundation.
8. Participating in the "Back to School campaign" and distributing school bags and stationery to students with Tkiyet Um Ali.
9. Supporting World Teachers' Day with the Ministry of Education.
10. Initiating the renovation of a classroom in the Scientific Halls Complex at the University of Jordan.
11. Contributing to the Sanabel Initiative at Madaba Mixed Elementary School.
12. Supporting the International Conference in Economics and Administrative Sciences at Zarqa University.
13. Purchasing 10 computers as a donation to the Zakat Fund.
14. Supporting the Prophetic Guidance Charity association.
15. Supporting the Hajj and Umrah Department.
16. Supporting different initiatives, schools and poor families.





## B. Humanitarian and health initiatives

1. Signing an agreement with Tkiyet Um Ali to support the programs and activities of the association by distributing food parcels on a monthly basis.
2. Supporting and participating in the distribution of 400 food coupons during the holy month of Ramadan in cooperation with the Jordanian Hashemite Charity Organization.
3. Supporting the Tharid Endowment, which contributes to fighting hunger and malnutrition.
4. Providing annual support to the Jordanian Medical Aid Society for Palestinians for year 2023.
5. Sponsoring several programs throughout the year with the King Hussein Cancer Foundation.
6. Supporting the Diabetes Children's Camp with the Jordanian Syndicate of Nurses and Midwives.
7. Sponsoring the 16th Jordanian Pharmaceutical Conference with the Jordanian Pharmacists Association.
8. Sponsoring the 51st International Medical Conference of the Jordanian Surgeons Association.
9. Sponsoring the Council for Accreditation of Healthcare Institutions conference.
10. Supporting the families of martyrs and individuals with special needs among retired military personnel.
11. Donating 150 bags to the Prince Ali Bin Al-Hussein Club for the hearing impaired.



### C. Supporting cultural, national initiatives and conferences

1. Supporting different projects for the New Ramtha Municipality.
2. Sponsoring the non-physician employees' savings fund ceremony at the King Hussein Cancer Centre.
3. Renovating a training hall for the Agricultural Lending Institution.
4. Providing an exclusive sponsorship for a special song by Omar Abdallat for Independence Day.
5. Sponsoring the celebration for Jordanian Industry Day with the Amman Chamber of Industry.

### D. Sports support initiatives

1. Supporting colleague athlete in several Jordan Bow and Arrow Championships.
2. Sponsoring the sixteenth international Commander Boxing Championship at Baqaa Club.
3. Supporting Abu-Alanda Club's activities.
4. Supporting the football team for the Junior League Championship at the New English School.

### E. Environmental initiatives

- Supporting the agricultural projects of the Plant for Good Company. A team of bank employees volunteered in the "Plant for Good" initiative to plant land in the capital, Amman.

### F. Support for women and children.

- Signing an agreement with the MekanE e-commerce platform, which supports women led startup projects by creating online stores for project owners.





## Annexes: GRI Index & Abbreviations

## Annex 1: GRI Index

GRI STANDARD	DISCLOSURE		Location	Omission		
				REQUIREMENT OMITTED	REASON	EXPLANATION
<b>GRI 2: General Disclosure</b>						
GRI 2: General Disclosures 2021	2-1	Organizational details	Pages 7-11			
	2-2	Entities included in the organization's sustainability reporting	Page 3			
	2-3	Reporting period, frequency and contact point	Page 3			
	2-4	Restatements of information	There are no restatements of information.			
	2-5	External assurance	No external assurance has been done. (refer to page 3)			
	2-6	Activities, value chain and other business relationships	Pages 7-11, 43-45			
	2-7	Employees	Page 53-56			
	2-8	Workers who are not employees	Page 54			
	2-9	Governance structure and composition	Page 23			
	2-10	Nomination and selection of the highest governance body	Page 34, 35			
	2-11	Chair of the highest governance body	Page 25			
	2-12	Role of the highest governance body in overseeing the management of impacts	Page 26-35			
	2-13	Delegation of responsibility for managing impacts	Page 15, 36, 38			
	2-14	Role of the highest governance body in sustainability reporting	Page 15, 26, 36			
	2-15	Conflicts of interest	Page 36			
	2-16	Communication of critical concerns	Page 35			
	2-17	Collective knowledge of the highest governance body	Page 25-35			
	2-18	Evaluation of the performance of the highest governance body	Page 29, 34, 35, 37			
	2-19	Remuneration policies	Page 29, 34, 35, 37			
	2-20	Process to determine remuneration	Page 29, 34, 35, 37			
	2-21	Annual total compensation ratio	Confidential Information.			
	2-22	Statement on sustainable development strategy	Page 4, 5			
	2-23	Policy commitments	Page 38			
	2-24	Embedding policy commitment	Page 31, 38			
	2-25	Processes to remediate negative impacts	Page 31, 36			
	2-26	Mechanisms for seeking advice and raising concerns	Page 35			
	2-27	Compliance with laws and regulations	Page 25-35			
	2-28	Membership associations	Page 8			

GRI STANDARD	DISCLOSURE		Location
<b>GRI 2: General Disclosures</b>			
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Pages 17-19, 43,44
	2-30	Collective bargaining agreements	There are no collective bargaining agreement
<b>GRI 3: Material Topics</b>			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Pages 17-19
	3-2	List of material topics	Page 20
	3-3	Management of material topics	Page 21
<b>GRI 200: Economy</b>			
GRI 201: Economic Performance 2016	3-3	Management of material topics	Page 21, 40
	201-1		Page 40
	201-2		Page 40, 47
	201-3		Page 56
GRI 202: Market Presence 2016	3-3	Management of material topics	Page 21, 40, 41
	202-1	Confidential Information.	
	202-2		Page 61
GRI 203: Indirect Economic Impacts	3-3	Management of material topics	Page 21, 40
	203-1		Page 41
	203-2		Page 41
GRI 204: Procurement Practices	3-3	Management of material topics	Page 21, 43
	204-1		Page 43, 44
GRI 205: Anti-Corruption 2016	3-3	Management of material topics	Page 21, 45
	205-1		Page 45
	205-2		Page 45
	205-3		Page 45

GRI STANDARD	DISCLOSURE		Location
<b>Environment</b>			
GRI 302: Energy 2016	3-3	Management of material topics	Page 21, 47
	302-1		Page 48
	302-2		Page 48
	302-3		Page 48
	302-4		Page 48, 49, 50
	302-5		Page 50
GRI 303: Water & Effluents 2018	3-3		Page 51
	303-1		Page 51
	303-2	Safwa bank is a service provider, wastewater is domestic and is discharged to the municipality sewage system, there are no hazardous contaminants that require pre-treatment before discharging, water is not a material topic, refer to page 51.	
	303-3	Safwa bank purchase water from the water service provider, Safwa Bank doesn't withdraw water from any source, refer to page 51.	
	303-4	Safwa bank is a service provider, wastewater is domestic and is discharged to the municipality sewage system, there are no hazardous contaminants that require pre-treatment before discharging, refer to page 51.	
	303-5	Safwa bank is a service provider, water is provided by water authority and service provider, water is not a material topic, refer to page 51.	
GRI 305: Emissions 2018	3-3	Management of material topics	Page 21, 47
	305-1		Page 49
	305-2		Page 49, 50
	305-3		Page 50
	305-4		Page 49, 50
	305-5		Page 48, 49
	305-6	Safwa Bank is a service provider, and the main operation of the bank doesn't emit those emissions.	
	305-7	Safwa Bank is a service provider, and the main operation of the bank doesn't emit those emissions.	
GRI 306: Waste 2020	3-3	Management of material topics	Page 51
	306-1		Page 51
	306-2		Page 51
	306-4		Page 51
	306-5		Page 51
GRI 308: Supplier Environmental Assessment 2016	3-3	Safwa Islamic Bank doesn't use environmental criteria in its screening process of suppliers.	
	308-1		
	308-2		

GRI STANDARD	DISCLOSURE		Location
<b>GRI 400: Social</b>			
GRI 401: Employment 2016	3-3	Management of material topics	Page 21, 53
	401-1		Page 53, 55
	401-2		Page 56
	401-3		Page 56
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	Page 57
	403-1		Page 57
	403-2		Page 57
	403-3		Page 57
	403-4		Page 57
	403-5		Page 57
	403-6		Page 57
	403-7		Page 57
	403-8		Page 57
	403-9		Page 57
403-10	Zero work-related ill health cases were registered in 2023.		
GRI 404: Training and Education 2016	3-3	Management of material topics	Pages 21, 58
	404-1		Page 60
	404-2		Page 59
	404-3		Page 60
GRI 405: Diversity and Equal Opportunity	3-3	Management of material topics	Page 21, 53
	405-1		Page 53-56, 60
	405-2	Not disclosed due to confidentiality.	
GRI 408: Child Labor 2016	3-3	Safwa Islamic Bank does not screen the suppliers whom we deal with to insure no child labor incidents occurs. SIB works only with suppliers who are and highly experienced in the required field to prevent dealing with such incidents. Refer to page 44.	
	408-1		
GRI 409: Forced or Compulsory Labor 2016	3-3	Safwa Islamic Bank does not screen the suppliers whom we deal with to insure no forced or compulsory labor incidents occurs. SIB works only with suppliers who are highly experienced in the field to provide the highest quality required and decrease the risk occurrence for such incidents. Refer to page 44.	
	409-1		

GRI STANDARD	DISCLOSURE		Location
<b>GRI 400: Social</b>			
GRI 413: Local Communities 2016	3-3	Management of material topics	Page 21, 40, 61
	413-1		Page 61
	413-2		Page 41, 62-64
GRI 414: Supplier Social Assessment 2016	3-3	Safwa Islamic Bank does not apply social impact assessment to its operations and services. Therefore, we did not record any negative social impact through our services and operation. Social negative impacts could occur where not monitored and the bank will require further data gathering to assess in the future.	
	414-1		
	414-2		
GRI 418: Customer Privacy 2016	3-3	Management of material topics	Page 21, 42
	418-1		Page 42,43

## Annex 2: Abbreviations

Abbreviation	Full Form
AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
ASE	Amman Stock Exchange
BOD	Board of Directors
CBJ	Central Bank of Jordan
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
COBIT	Control Objectives for Information and Related Technology
COSO	Committee of Sponsoring Organizations
CRO	Chief Risk Officer
CSI	Customer Satisfaction Index
EM	Executive Management
ESG	Environmental, Social, and Governance
FATF	Financial Action Task Force
GHG	Green House Gas
GRI	Global Reporting Institute
HR	Human Resources
IFSB	Islamic Financial Services Board
IIA	Institute of Internal Auditors
ILO	International Labour Organization
IT	Information Technology
JOD	Jordanian Dinars
MENA	Middle East and North Africa
NPS	Net Promoter Score

## Abbreviations (cont.)

Abbreviation	Full Form
OHS	Operational Health and Safety
PLS	Profit and Loss Sharing
PV	Photovoltaic
ROI	Return on Investment
SDGs	Sustainable Development Goals
SIB	Safwa Islamic Bank
UN	United Nations





**Disclaimer:** The report is based on data and information available up to the reporting cut-off date and may not reflect recent changes or developments. Safwa Islamic Bank disclaims any obligation to update or revise the information in this report, whether as a result of new information, future events, or otherwise, and shall inform any official changes in its upcoming sustainability reports.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, and we have endeavored to present our sustainability performance in a transparent and comprehensive manner. However, the report may not cover all aspects of our sustainability performance or address every stakeholder's concerns. We encourage our stakeholders to provide feedback on the content and presentation of this report to help us improve our sustainability reporting in the future.

This Sustainability Report should not be construed as an offer, solicitation, or recommendation to buy or sell any securities or engage in any transaction. Readers should not rely on the information in this report as the sole basis for making investment or business decisions, and we recommend consulting with a professional advisor for specific guidance tailored to your individual circumstances.

By accessing and using the information in this Sustainability Report, you agree to the terms and conditions outlined in this disclaimer.



Solid Principles, Innovative Solutions مبادئ راسخة، حلول مبتكرة  
06 4602100 | [f](#) | [X](#) | [in](#) | [@](#) | [www.safwabank.com](#)