



بنك الشارقة
Bank of Sharjah

Bank of Sharjah Sustainability Report 2021



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Message from the CEO

Bank of Sharjah has always upheld its social, economic and environmental responsibilities to reinforce sustainability commitments. Driven by the vision of our founder and Honorary Chairman, His Highness Dr. Sheikh Sultan Bin Mohammed Al Qasimi, our policies and commitments have been designed as a result of his passion towards the development of Sharjah and the UAE. Bank of Sharjah is consistent with the values that His Highness has set and has built on the progress made last year to further advance the interests and welfare of its stakeholders.

This year, the Bank has expanded its support to existing social partners, introduced **steps for environmental conservation such as paperless meetings** and also supported various initiatives to **provide relief and scholarships to artists**.

The core of Bank of Sharjah's long-term strategy is enshrined within our core values of PETICQ (Performance, Ethics, Transparency, Initiative, Commitment and Quality) and is tied to the consciousness regarding the impact of the Bank's activities and decisions on the communities and environments within and beyond its areas of activity, the social benefits to society and the impact of the Bank's profits on the local economy.

Varouj Nerguizian
Group CEO



Varouj Nerguizian
Bank of Sharjah Group CEO

Our Report

With great pleasure, we present to you the Sustainability Report for Bank of Sharjah for the financial year 2021.

The Sustainability Report has been prepared with information of the Bank's activities from **January 1st to December 31st** of 2021 and is published once every year by March 31st. This report has been prepared with reference to the GRI Standards and includes data from the Bank's CSR Report, Governance Report, Financial Report and Code of Conduct.

The Bank would like to reinforce its commitment towards sustainability by publishing this report to showcase the advancements in 2021. This report covers a wide array of topics related to the organization's sustainability commitments and goals, including employee well-being, consumer data privacy, environmental footprint and governance. Since the report has been prepared in reference to GRI Standards, the Bank chose to adapt to the changes in standards since the 2020 report.

The new universal standards in this report focus on governance aspects, like the roles and responsibilities of the Board, conflicts of interest, policy commitments of the Bank and their implementation.

The standards also allow the Bank to disclose its commitment towards upholding human rights. In this report, the Bank has chosen to expand from the disclosures from last year to include additional disclosures around water consumption, data privacy, employee benefits and parental leave.

No external assurance has been obtained for this report.



The Bank's points of contact for questions regarding this report are the person in charge of **Investor Relations & Board Liaison** and **Group Head of Compliance and Corporate Governance**. The contact details have been provided at the end of this report.

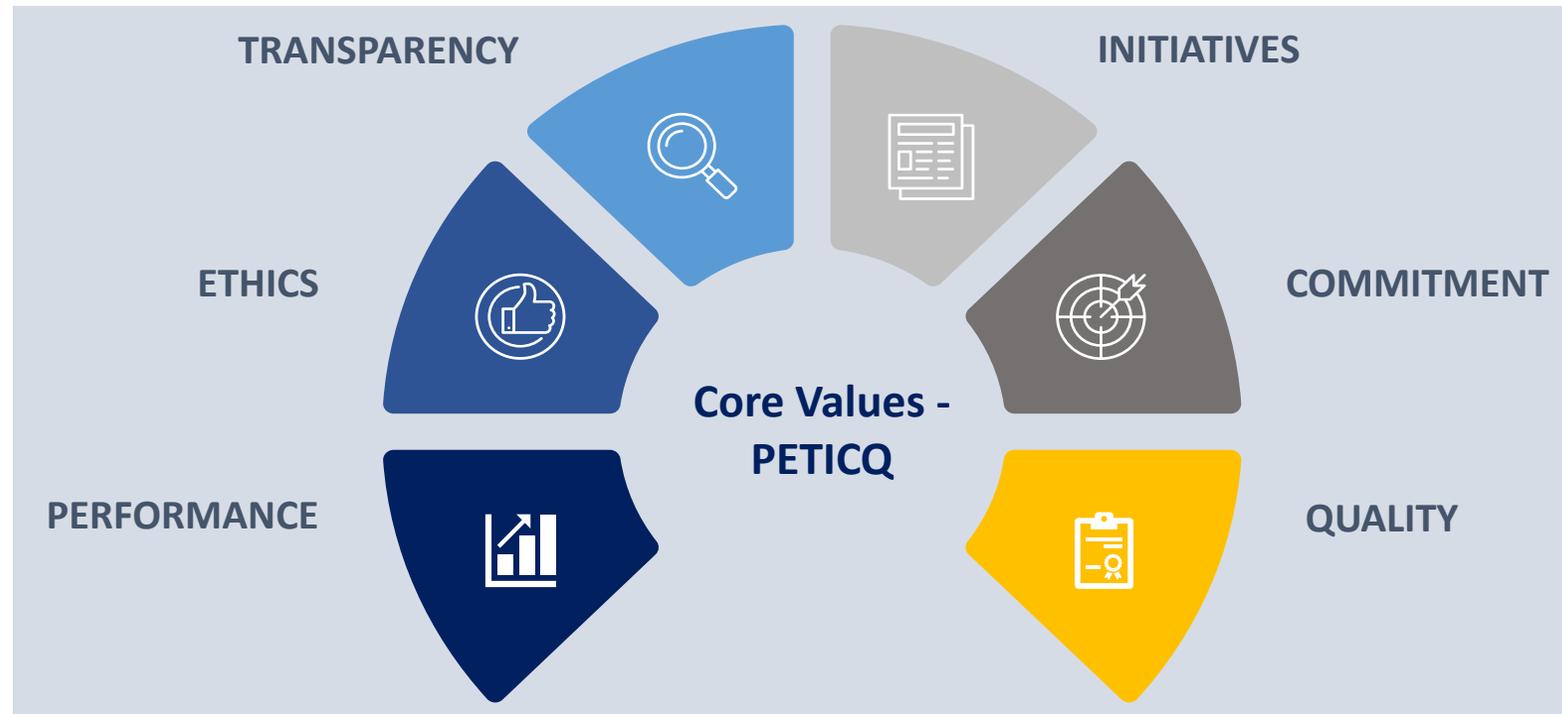
About Us

Mission Statement

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

Core Values

We, at the Bank of Sharjah, strive to safeguard and grow our economy, our people, and our community and are committed to sustainability in all its fronts. To achieve that, we have outlined our core values which drive our business decisions.



About Us

Bank of Sharjah (BOS) was the first commercial Bank in Sharjah and is headquartered in Sharjah's Al Khan area. The legal status of the organization is PJSC (Public Joint-Stock Company). Our consolidated financial statements show our standings within Bank of Sharjah PJSC, BOS Capital FZC, BOS Real Estate FZC, Polyco General Trading LLC, Muwaileh Capital FZC, EL Capital FZC, Emirates Lebanon Bank SAL, BOS Funding Limited, BOS Repos Limited, and BOS Derivatives Limited. For the purpose of this report, all UAE branches of Bank of Sharjah have been considered.

Products / Services

The Bank provides a wide array of services to individuals, corporations and government entities. For individuals, the Bank offers current accounts, savings accounts, fixed deposits, debit/credit cards and personal loans. Under the corporate banking umbrella, Bank of Sharjah provides current accounts, overdraft services, loans, letters of credit, letters of guarantee, project financing, escrow management and wage protection systems. In addition to personal and corporate banking, the bank also offers wealth management services.

Geographical Presence

The bank is a member of the UAE Banking Federation and has **10 subsidiaries** in the following countries:

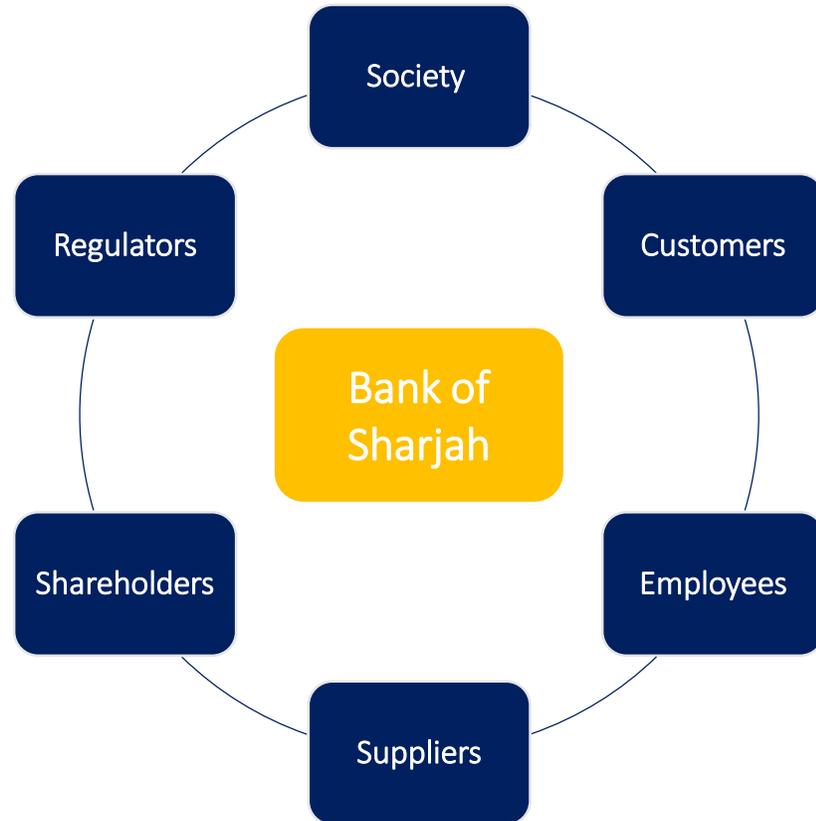
 UAE 6	 Lebanon 1	 Cayman Islands 3
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Total Equity
AED 4,118,671,000

Our Key Stakeholders

Our approach has always been to engage in frequent dialogue with all our stakeholders in order to address their needs adequately and we take pride in appropriately identifying issues specific to each stakeholder group and addressing them.



Various stakeholders are considered when setting our operational and governance procedures. The Bank is in constant communication with them to help facilitate policy implementation and standards, while also incorporating their views and feedback.

Society: Contributing towards the holistic development of the community and surrounding environment, to help create an inclusive and sustainable future for the society.

Customers: Ensuring high service standards and communication to customers.

Employees: Enhancing employee welfare and development through training, upskilling and benefits.

Suppliers: Assisting suppliers and partners in reaching their goals while encouraging them to adopt sustainability standards.

Shareholders: Engaging with shareholders for a collective consensus on the direction of the organization and the community.

Regulators: Communicating with regulatory bodies to ensure compliance and, where necessary, improvement.

Major Shareholders (as of Dec 2021)	Share %	Quantity
Sharjah Asset Management	17.16%	377,479,947
United Al Saqer Group L.L.C.	12.65%	278,231,909
Heirs of Ahmed Abdalla Al Noman	6.23%	137,085,425
Total	36.04%	792,797,281

An Overview



Total No. of Employees

288

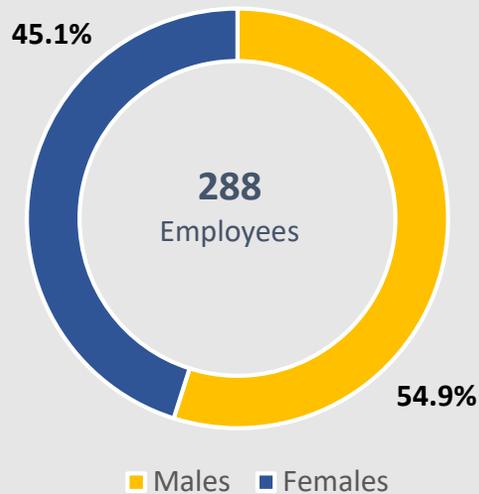


Key Social Initiatives

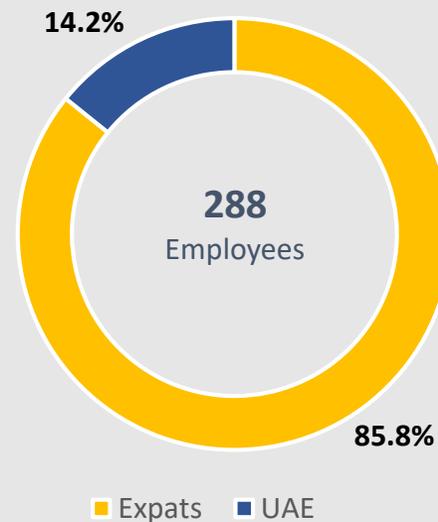
Co-sponsored the Hamdan Bin Zayed Initiative for Zayed Humanitarian Day, Scholarships for Artists at the 'Art For All Center', Funds for Construction of Sharjah City for Humanitarian Services complex, Al Noor Fun Fair, French Emirati Dialogue 2021.



Employee Breakdown by Gender



Employee Breakdown by Nationality



Number of Complaints on Breaches of Customer Data and Privacy

0



Increase in Spending on Local Suppliers from 2020 to 2021

84.8%
to
90.4%



Total Water Consumption for 2021

2.696 Megaliters



Total Electricity Consumption for 2021

2,765,432 kWh

Sustainability Content

Material Topics

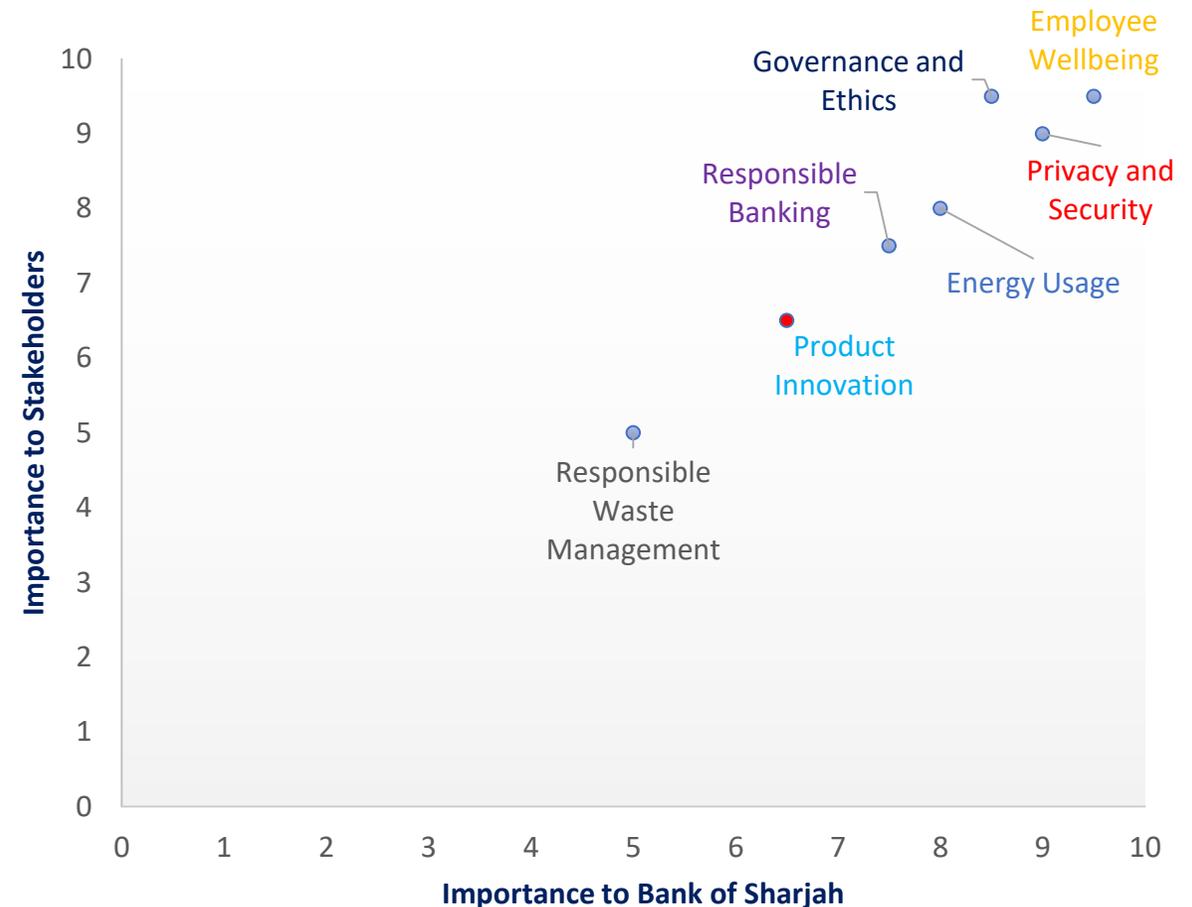
In order to determine a list of sustainability topics on which the Bank has a significant economic, environmental and social impact, the Bank carried out research on a wide range of material topics available and picked out topics that were relevant to its values and focus.

Additionally, a benchmarking exercise was also conducted to understand which topics were currently being considered as pivotal within the industry. Further, discussions were held with senior internal stakeholders to identify key material topics. As part of this exercise, the key internal stakeholders were inquired about their views on what material topics mattered most to them, and based on their feedback, we have been successful in creating our first materiality index to showcase our topics of focus in the realm of sustainability.

Overarching topics found to have a relatively high degree of material importance to both, the Bank and the stakeholders, were Governance & Culture, Data Privacy & Security, Responsible Finance & Banking, Energy Usage, and Employee Wellbeing.

The topics in the top right corner of the matrix are determined as our most material topics. Throughout the report, we demonstrate how we take actions on our commitment to being a sustainable financial institution and creating long-term value.

Materiality Matrix

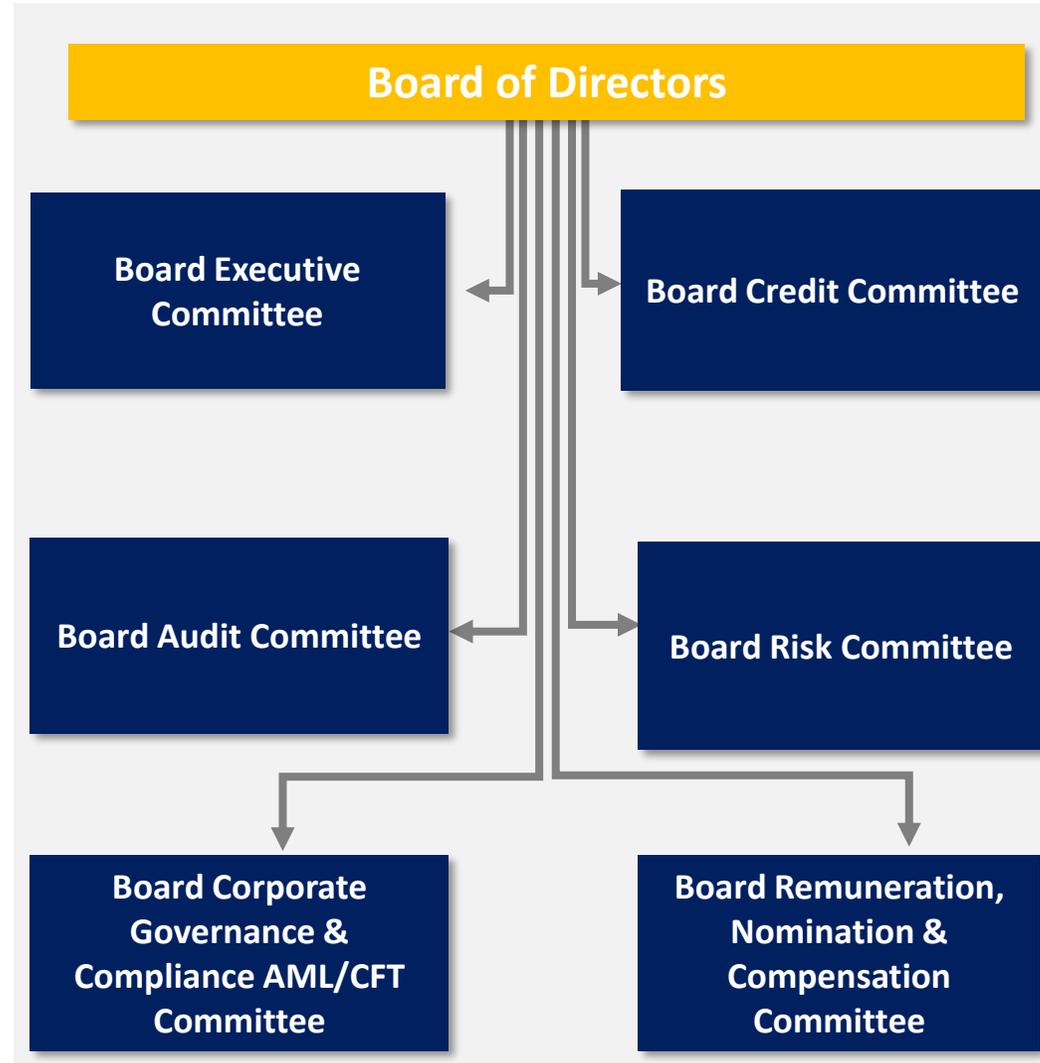


Governance & Culture

Bank of Sharjah is headed by the Board of Directors that governs and provides oversight for our commitments and policies.

The Board comprises of 11 members, all of whom are non-executive. Six of the members are independent, and there are no female members on the Board as of March 2022, for the reason that no female candidates applied for selection towards Board membership.

Recognising the importance of AML and CFT in a changing regulatory environment, the Board created six Board Committees to ensure the Bank's commitments are in line with policies. The chairman of the Board is Sheikh Mohammed Bin Saud Al Qasimi, who does not hold any Executive Management position within the Bank.



The six Board committees are as indicated in the chart.

Each of the committees mentioned herein is detailed in the annual Corporate Governance Report with the compositions, roles, responsibilities, and meeting resources clearly laid out.

The Board takes responsibility to ensure that the Bank's policy commitments on the topics related to sustainability matters are reflected in daily operations while providing oversight and is open to further trainings on related matters.

Board members collectively possess competencies essential for the Bank's operations including regional expertise, finance and banking expertise, risk and compliance experience.

Governance & Culture

Inclusivity

No candidate is discouraged from applying due to their nationality or gender. However, no female candidates have come forward for selection towards Board membership. There are measures being taken to encourage existing female shareholders to apply for Board membership by highlighting the open culture and receptiveness of the Board.

Role of the Board and delegation of responsibility

The vision of the Bank is effectively communicated between the Board and Senior Management, who are then responsible for delegating stakeholder engagement and driving policies and commitments in a timely manner. If policies require Board approval for any major changes, these items are brought to the attention of the Board's notice. The Board then discusses relevant matters during one of their 6 meetings in the year and takes a decision on how progress should be made. While there is no specified frequency of meetings between senior management and the Board, all appropriate actionable items are brought to the Board's notice when required. This ensures all relevant stakeholders' opinions are heard and assessed by the Board, to create an inclusive culture at Bank of Sharjah to drive effective decision-making, including critical concerns that may have been raised by shareholders and employees.

Conflicts of Interest

The Board's Conflict of Interest Policy supports transparency and the overall interest of the Bank's ethical practices. Board members are required to disclose any joint interests or conflicts of interest in a deal or transaction that has been brought to the Board for resolution. Conflicts may arise with a client, a supplier, a competitor, personal or social relationships. These conflicts are recorded in the meeting minutes and the relevant Board members are to abstain from voting and decision-making on that specific deal. If a conflict of interest is not clear, the matter is brought to the attention of the Board's Chairman who is allowed to take a decision on the matter.

Sustainability

The Board is responsible for reviewing the Bank's sustainability report as well as material topics. By doing so, it reinforces the Bank's commitment towards ESG and sustainability principles. Apart from its strong support for environmental and governance initiatives within the Bank, the Board is a huge proponent of community building. The Bank under the guidance of the Board, supports various social causes and ventures, in line with the overarching sustainability mission.

Governance & Culture

Nomination and Selection of the Board

The Board Remuneration, Nomination & Compensation Committee leads the process for identifying, assessing and selecting candidates for the Board elections. The committee ensures that the candidate has integrity, possesses appropriate knowledge, has no conflicts of interest, and is financially sound. The name of the candidate is then proposed for a vote during the Annual General Assembly with shareholders, every 3 years, and voted in depending on the lapsing tenures of existing Board members. The culture set by the Board encourages dialogue with shareholders who can use the Annual General Meeting to offer opinions and raise concerns related to operations, strategy, and general business conduct.

Board Remuneration Policies and Performance Management

Members of the Board are in process of completing the assessment procedures with a third-party service provider. The provider carried out a performance assessment of the Board and will further assist the Bank in setting up relevant KPIs. The KPIs will then be incorporated into the Board's remuneration structure to ensure compliance with GRI, UAE Central Bank, Abu Dhabi Securities Exchange (ADX) standards.

Executive and Senior Management

There are 10 employee grades within the Bank and Senior Management largely fall within grades 1 to 3. There currently are 16 Senior Management personnel within the Bank, of which the Head of HR is a UAE national. The Board and Senior Management is very committed to diversity and has strived to create opportunities for aspiring UAE Nationals within various Management Training and career advancement initiatives.

Employee Grade Structure	1	2	3	4	5	6	7	8	9	10
Senior Management Grades										

Governance & Culture

The Senior Management prides itself on the open-door policy for staff to establish contact to highlight issues or grievances with regards to the Bank's business conduct, operations and vision. The Senior Management of the Bank formed ten management committees to efficiently oversee operations and while ensuring regulatory compliance, satisfaction of social and financial commitments, as well as employee roles, digitization, information security and customer privacy, investments, and enhance satisfaction of all stakeholders.



Executive and Senior Management

Executive Committee

Internal Control Committee

Credit Committee

Asset and Liability Committee

Regulatory Reporting Compliance Committee

Human Resources Committee

Information Security Committee

IFRS 9 Management Committee

Treasury Investment Committee

IT Steering Committee

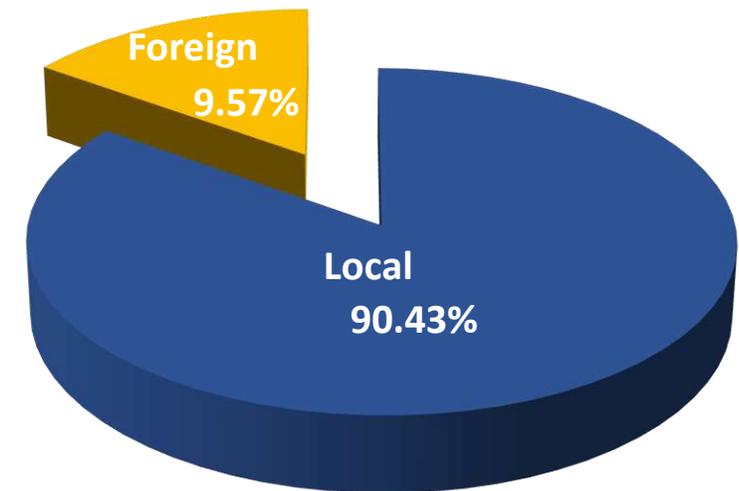
Creating Economic Value

Bank of Sharjah has been one of the driving forces in the economic growth of the UAE of Sharjah. Since its inception, the Bank has contributed to economic growth of the UAE by supporting individuals and corporations in their financial needs, through advisory or financial support.

The product offerings coupled with stellar customer service has ensured that the Bank creates economic value to individuals, corporations and government entities. Additionally, the Bank's wealth management services focuses on financial planning, on-shore and off-shore wealth management and investment strategies for personal portfolios. The Bank's tireless efforts to contribute to the community, the environment, and the economy of the UAE have been admired by our stakeholders and peers in the industry.

One of the approaches employed by Bank of Sharjah to support the local community is by sourcing their needs from the local UAE market. This helps vitalize the local economy while providing indirect employment and strengthens community trust. This further shows the Bank's commitments towards extending support to homegrown businesses in the UAE. For 2021, **90.43% of the Bank's budget for suppliers was spent on UAE-based suppliers**; a significant **increase from 84.85% in 2020**. The remaining **9.57% was spent on suppliers** based outside the UAE.

Proportion of Actual Procurement Expenses from Suppliers



Local: Within UAE
 Foreign: Outside of the UAE



Responsible Business Practices

Bank of Sharjah has always had a strong commitment to conduct business in an ethical manner that is society-friendly and adds value to the greater community to promote trust. We take pride in our ethical business practices, driven by our Code of Conduct and Anti-Bribery and Corruption policies. There is effective oversight and compliance against these policies. These practices have enabled the Bank to conduct banking and financial activities in a responsible, fair and lawful manner while maintaining a healthy financial position. This enabled the Bank to navigate the COVID-19 pandemic with no budget cuts in 2021. All contracts with suppliers highlight the essential aspects of the Bank's Code of Conduct so that the supply chain is in line with the applicable laws, regulations, and our sustainability and human rights vision. The employees are well trained to communicate all important product information and potential risks to the customers in a transparent manner, in line with the UAE Central Bank's Consumer Protection Regulations.

Anti-Discrimination

The Bank has a strict anti-discrimination stance and does not discriminate based on race, nationality, gender or religion during hiring and daily operations. This is part of the Code of Conduct that all employees and Board members adhere to and sign as an acknowledgement every year.

Anti-Bribery and Corruption

Bank of Sharjah also has a robust Anti-Bribery and Corruption that is routinely checked by internal control mechanisms in place to flag any violations and to reinforce its zero-tolerance stance. Additionally, the employees and the Board are provided anti-corruption training every year. In 2021, **258 employees attended the anti-corruption training**. Moreover, these training are constantly updated so employees continue to remain vigilant.

Grievance Mechanisms

All employees are encouraged to report any illegal and unethical activities through a dedicated hotline to protect the integrity of the Bank and all stakeholders involved. An open line of communication exists between employees, senior management and the Board. All matters of significantly high importance that require Board approval or decisions, are assessed and reviewed by senior management and forwarded to the Board for consideration during the 6 annual Board meetings. All Board members are given critical information before the meetings so as to provide enough time for review and efficient decision-making. The Whistleblowing Policy allows the stakeholders to raise concerns anonymously and protects the identity of the whistleblower.

Safeguarding Your Interests

The Bank's policies demonstrate a strong commitment to protecting the interests of all stakeholders, including the employees, community, and the customers, which can also be seen through the recent adoption of the UAE Central Bank's Consumer Protection Regulations (CPR).

Incorporating Consumer Protection Regulations

Human rights is an important issue in the world, and Bank of Sharjah is always considering input from multiple stakeholders to incorporate these considerations into operations. The Bank aligns with the requirements of the Consumer Protection Regulations through inclusivity and support for people of determination. It has also ensured that staff is trained to deal with customers from vulnerable sections of the population in an empathetic manner. This has been achieved through both, internal training as well as training organized by Emirates Institute for Banking and Financial Services (EIBFS). Policies regarding fair treatment of customers were also updated in accordance with CPR to ensure transparency, higher service standards, and protection for the customers.

Bank of Sharjah's mobile banking services have been updated to manage customers' expectations. The Bank takes Data privacy seriously and accords the highest level of importance through state of art systems, processes, regular and effective training of employees. There were no complaints registered regarding data or privacy breaches during 2021, and the Bank is proud of this record.

Embedment of Policy Commitments

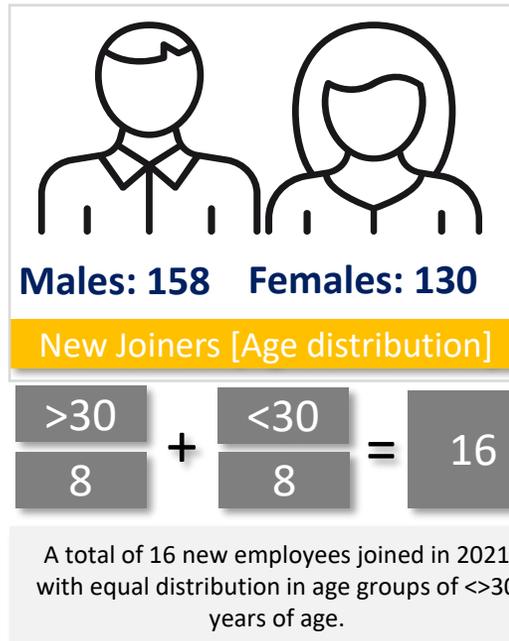
Bank of Sharjah's policies reflects progressive thinking that covers all aspects of its operations. All the policies at the Bank, in one form or another, support human rights and conduct appropriate due diligence before engaging in operations internally and externally.

All policies are drafted by respective functions by considering relevant groups of stakeholders, including people from vulnerable sections of the community. The Board, which is the senior-most body at the Bank, approves all policies that showcase the Bank's commitments. These commitments also extend to suppliers and third-party actors, and all relevant requirements are embedded into the terms and conditions of the contracts involved.

The Board allocates the responsibility of overseeing policy commitments being implemented into the daily operations, business relationships, employee roles, and customer service to the Senior Management. The Compliance and Internal Audit Functions ensure the fulfillment of these commitments, and wherever necessary, recommends training for employees to support the embedment of these policy commitments.

Our People

The Bank employed a **total of 288 full time individuals** as at 31 December 2021. The Bank had an **employee turnover of 2%** for 2021. The breakdown of the Bank's employees are provided below:



COVID Measures

All staff were provided full support during the pandemic, and there were no budget cuts. During the pandemic, the management assisted auxiliary staff who were residing in sharing accommodation by shifting them to a safe hotel accommodation, since they were at higher risk of contracting COVID-19.

Employment Benefits

All 288 employees at the Bank are full-time employees and are eligible for benefits such as life insurance, medical insurance, 30 working days annual leave, parental leave and a return air ticket to their home country.

Apart from these benefits, employees also have access to online learning platforms like Intuition to upskill and train themselves to develop professionally. Furthermore, if employees choose to pursue qualifications or education, the Bank provides financial assistance to enable the employees to embark on their educational employees on a case-by-case basis.

A total of 227 employees were eligible for parental leave in 2021. The detailed breakdown has been provided below:

Description	Male	Female
Total Employees Eligible for Parental Leave	130	97
No. of Employees who availed Parental Leave	6	9
No. of Employees who returned from Parental Leave	6	9

100%
of employees who availed parental leaves, resumed their job roles and duties on completion of their break

Our Community

The Bank recognizes the impact it has on the social community and has accordingly partnered with various entities such as **Sharjah City for Humanitarian Services (SCHS), French Institute and the Ministry of Interior Saeed association, Al Noor amongst other partners.**

In 2021, the Bank adopted a different strategy in comparison to other banks. Rather than dividing the contribution budget amongst numerous partners, the Bank decided to provide extensive support to existing partners with a focus on increasing the impact of its contributions. This strategy enabled the Bank to maintain various commitments. The Bank availed **AED 30 million** for the construction of new buildings for Sharjah City for Humanitarian Services. The Bank has also extended its support for various events such as Autism Awareness Day and People of Determination Day.

The Emirate of Sharjah has always been well regarded for its commitment to arts and culture, which is why the Bank supported the Art For All Centre at events for people with disabilities from various artistic fields such as music, painting, theatre, singing and dancing. The Bank also awarded scholarships to many such artists in 2021. The Bank's contribution and support for the community are further highlighted and detailed in the CSR Report for 2021.



Bank of Sharjah availed AED 30 million over 10 years for the construction of new buildings for Sharjah City for Humanitarian Services



Autism Awareness Day



Used Books Festival



International Day of People of Determination



World Physical Therapy Day

Our Environment

Being a bank, our environmental footprint consists mainly of the use of electricity and water for our offices. We are constantly looking to improve. We take our environmental impacts very seriously and have internal policies that reflect this. **In 2021, for the first time, the annual assembly general meeting was conducted virtually. After implementation, all Board meetings were conducted using a Board Management Software which reduced significantly the use of paper.** The Bank did not print and distribute the Annual Report to the shareholders and instead posted links of the relevant documents on the Bank's website and **encouraged everyone to access that document virtually.** Since the pandemic, the Bank has also opted for more virtual meetings, thereby decreasing travel emissions and distribution of physical documents. This was a pivotal follow-up to the 2020 policy where e-statements were released to the customers instead of physical documents. Additionally, the Bank has also added the "No Receipt" option on all ATMs to allow customers to opt out of paper receipts, thereby reducing paper usage further.

The Bank also continued its agreement with Bee'ah Recycling for the shredding and recycling of used paper. In 2021, the Bank recycled **14,450 kgs** of paper with the assistance of Bee'ah.

Apart from these measures, employees at the Bank make sure to switch lights off in empty rooms and monitor their personal water consumption as far as possible. The general culture with regards to environmental footprint from the employees is always in line with the sustainability vision from the leadership of the Bank.



All UAE Branches were considered for 2021 environmental calculations

**Al Khan, Abu Dhabi, Al Mussafah
Al Ain, Garhoud, Dubai Motor City,
Motor City (PBWM)**



Total Electricity Consumption for 2021

2,765,432 kWh



Total Water Consumption for 2021

2.696 ML



Amount of Paper Recycled with Agency BEEAH

14,450 Kg



GRI Standards Content Index

GRI Standards Content Index

GRI Standard	Disclosure	Page number/s, URL References	Omissions
Organization Profile			
2-1	Legal name of the organization, Ownership and legal form, locations of operation, HQ location.	6	-
2-2	Entities included in sustainability reporting	6	-
2-3	Reporting period, reporting frequency and point of contact	4	-
2-4	Restatements of information		No restatements
2-5	External Assurance	4	-
Activities and Workers			
2-6	Business and sector activities, value chain and business relationships	6	-
2-7	Employees – Breakdown by full-time employees, gender, locals, etc.	18	-
2-8	Workers who are not employees		Not Applicable. All employees are full-time
Governance			
2-9	Governance structure and composition	11	-
2-10	Nomination and selection of highest governance body	13	-

GRI Standards Content Index

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

GRI Standards Content Index

GRI Standard	Disclosure	Page number/s, URL References	Reason for omission
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	3	-
2-23	Policy commitments	17	-
2-24	Embedding policy commitments	17	-
2-25	Processes to remediate negative impacts	17	-
2-26	Mechanisms for seeking advice and raising concerns	12, 17	-
2-27	Compliance with laws and regulations	-	Confidential information
2-28	Membership associations	6	-
Stakeholder engagement			
2-29	Approach to stakeholder engagement	7	-
2-30	Collective bargaining agreements	-	Not Applicable. No unions allowed in the UAE.

GRI Standards Content Index

GRI Standard	Disclosure	Page number/s, URL References	Omissions
Economic			
204-1	Proportion of spending on local suppliers	15	-
205-2	Communication and training about anti-corruption policies and procedures	16	-
Environmental			
302-1	Energy consumption within the organization	20	-
303-5	Water consumption	20	-
Social			
401-1	New employee hires and employee turnover	18	-
401-2	Benefits provided to full-time employees that are not provided to part-time employees	18	-
401-3	Parental leave	18	-
404-2	Programs for upgrading employee skills and transition assistance programs	18	-
413-1	Operations with local community engagement, impact assessments, and development programs	19	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of data	17	-

Further Enquiries

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

Sashidharan Menon (Group Head of Compliance and Corporate Governance)

Sashidharan.Menon@Bankofsharjah.com

Elissa El Hachem (In Charge of Investor Relations & Board Liaison)

Elissa.ElHachem@Bankofsharjah.com

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

Annual Report 2021

Corporate Social Responsibility Report 2021

Corporate Governance Report 2021

Financial Report 2021

www.bankofsharjah.com