

Bank of Sharjah

Sustainability Report FY2020



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Message from the Management

“Bank of Sharjah has always been committed to sustainability, namely to the environment and the Bank’s social and economic responsibilities, and has contributed significantly to the development of the Emirate of Sharjah and the wider United Arab Emirates in these regards. Bank of Sharjah is fully aligned with the vision of the Bank’s founder and Honorary Chairman, His Highness the Ruler Dr. Sheikh Sultan Bin Mohammed Al Qasimi, to establish a financial institution that would support the planned development of the Emirate of Sharjah and the UAE.

At its core, Bank of Sharjah’s long-term strategy revolves around the maximising the socioeconomic impact of its activities and decisions on the environment, the societies in the Bank’s areas of activity, its various stakeholders and surrounding communities, and the local economy.”

Bank of Sharjah

Our Report

AED7.5M was attributed to charity and AED13.9M to social contributions

84.85% of Bank's suppliers are local

Launched the #SaveTheSmallGuys campaign

Male to Female Ratio (1:1)

712,785 kWh of electricity and gas consumed

280 employees

We have the pleasure to present you our sustainability report for 2020FY prepared for the first time in accordance with GRI Standards. This report contains an overview of Bank of Sharjah corporate responsibility (CR) projects and activities and sustainable business practices during 2020FY, whose period is from January 1st, 2020, to December 31st, 2020.

This global report details our activities relating to material issues at all our offices and branches across the UAE, and intends to provide in-depth information to all stakeholders.

All GRI disclosures that depict the Bank's sustainability performance and impact were identified and will be considered when preparing future sustainability reports. This report contains an overview of the following material topics:

- Responsible business practices
- Inclusive and sustainable banking
- Creating economic value
- Employee hiring and diversity
- Stakeholder engagement
- Sustainable supply chain
- Social initiatives and donations

An Overview

At Bank of Sharjah, we strive to safeguard and grow our economy, our people, and our community and are committed to sustainability in all its facets. To achieve that, we have endeavored to submit an annual Sustainability Report to cover sustainability related matters. By presenting our continuous focus on sustainability and by adhering to the GRI Standards – Core Option and Securities and Commodities Authority’s requirements, we strengthen our emphasis on our core values:

PETICQ: PERFORMANCE | ETHICS | TRANSPARENCY | INITIATIVE | COMMITMENT | QUALITY

Responsible Business Practices	Reporting Practices	Our Social Impact	External Assurance
The Bank is committed to inclusive banking and ensuring that it is treating all its customers in a fair and just manner. We consider the impact of our business on our people, our community, and our environment, be it in terms of processes, our supply chain, or our contributions to society.	This report adheres to the UAE’s Securities and Commodities Authority’s requirements by adhering to the Global Reporting Standards - Core Option. Our initiatives and practices have followed these principles since inception, and we are happy to showcase our commitment to the economy, society, and the environment.	As reported in our Corporate Social Responsibility Reports and as showcased by are numerous partnerships with different entities, we are committed to positive social impact through partnerships and collaborations with our people, our customers, and are partners.	This report has undergone strict internal assurance procedures to ensure the accuracy of the information provided. As such, we have chosen not to appoint an external assurance provider. Our audited financials, Annual Report, and Corporate Governance Report can be found under our website’s “About” section.

About Us

Bank of Sharjah (BOS) is the first commercial bank established in Sharjah and fifth in the UAE. BOS is listed on the Abu Dhabi Security Exchange and is headquartered in Sharjah at Al Khan Road.

It is a key member of the UAE Bank Federation and has **10 subsidiaries** – 6 of which are operational within the UAE, 1 operational in Lebanon and 3 operational in the Cayman Islands.

The Bank's journey over the decades reflects its ability to establish a sustainable strategy to keep it abreast of economic and social developments. The Bank's active role has contributed to the socio-economic growth of the country that has become an oasis of stability and a major attraction for global investments in the Middle East.

The Bank employs 280 employees in the UAE alone and is committed to serving its people, clients, and community. Our commitment to society is deeply rooted in our values, and forms an integral part of our strategy. The Bank's drive for sustainable development compliments its core strategy of partnering with businesses to contribute to their group. BOS aspires to maintain its longstanding reputation, through its current strategies and the primary focus on the interest of its stakeholders remain a key objective, including the interests of its employees.

During the year 2020, despite the challenges inflicted by the COVID-19 pandemic, BOS continued its support for the community on various levels and this report covers what the Bank has achieved to contribute to the betterment and support of the community.



Total Equity
AED 3,165,417,000

Governance Structure

The Bank is headed by the Board of Directors that governs and monitors its commitment to its shareholders. To enable the Board to achieve this commitment properly, the Board has created **five** Board Committees indicated below:

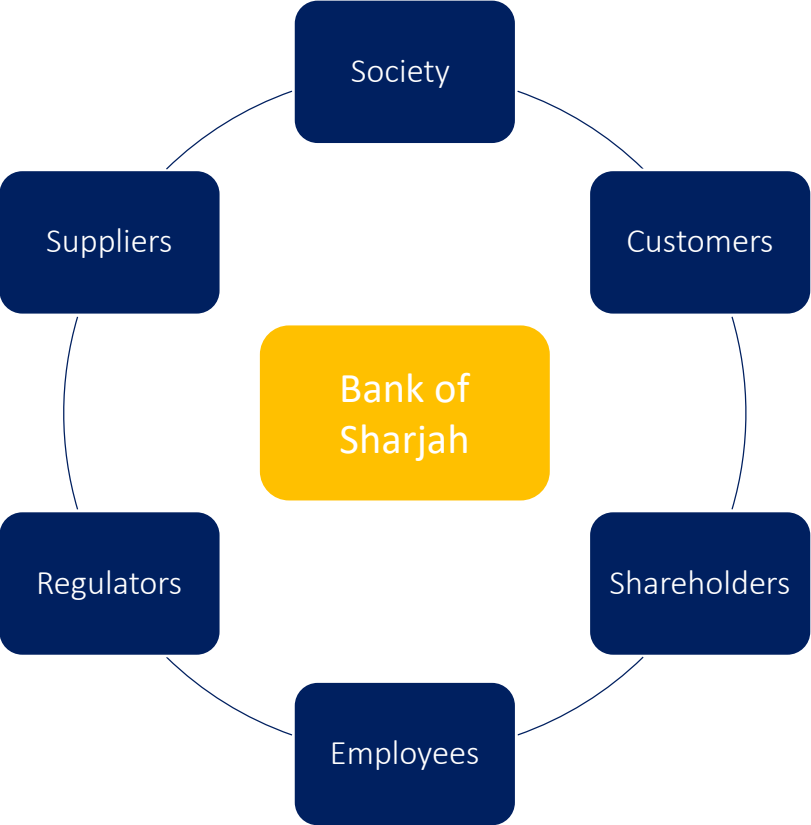


In addition, management has similarly created **ten** management committees to further maintain commitment and effective achievement of day-to-day management of the business.

- **Executive Committee**
- **Internal Control Committee**
- **Credit Committee**
- **Asset & Liability Committee**
- **IT Steering Committee**
- **Information Security Committee**
- **Human Resources Committee**
- **Regulatory Reporting Compliance Committee**
- **Treasury investment Committee**
- **IFRS 9 Management Committee**

Stakeholders

We have various stakeholders that we continuously consider within our operational and governance procedures. They are at the center of our approach, and we strive to know and respond to their needs through constant dialogue.



We have various stakeholders that we continuously consider within our operational and governance procedures. They are at the center of our approach and are continuously communicated with. We are dedicated to our stakeholders on multiple fronts, including:

- Society:** Devoted to nurturing the society through its various longstanding partnerships with Al Noor Rehabilitation Center, Bee'ah, Sharjah City for Humanitarian Services and more.
- Customers:** Dedicated to maintaining best practices & encouraging consumer protection.
- Employees:** Continuously striving to support employees' welfare & skill development.
- Suppliers:** Committed to developing long lasting partnerships with our suppliers and contributing to the local economy.
- Regulators:** Dedicated to transparency across all its operations and relationships.

Shareholder Breakdown:

Major Shareholders	Share %	Quantity
Sharjah Asset Management	17.16%	360,321,771
United Alsager Group L.L.C.	12.65%	265,585,006
Heirs of Ahmed Abdalla Al Noman	6.23%	130,854,271
Total	36.04%	756,761,048

Responsible Business Practices

Our current business services include:

Corporate Banking

Personal Banking

Private Banking

Wealth Management

Our consolidated financial statements show our standings within Bank of Sharjah PJSC, Emirates Lebanon Bank SAL, EL Capital FZC, BOS Real Estate FZC, BOS Capital FZC, Polyco General Trading FZC, Borealis Gulf FZC, Muwaileh Capital FZC, BOS Funding Limited, BOS Repos Limited, and BOS Derivatives limited. Through these entities, the Bank works to cater to its clients needs across the UAE, the Cayman Islands, and Lebanon and has worked on procuring the latest systems and software to support it in this regard. We aim to continuously review and assess our partnerships with our suppliers and our current business offerings to ensure that we are positively impacting our community and our clients and have introduced initiatives such as #SaveTheSmallGuy to ensure that our practices are sustainable and supportive of the wider community.

To further support our community and economy, we ensure that the majority of our procurement spending goes to local suppliers, and we work towards developing long-term partnerships with them; some of these partnerships started in the 1980s. Despite the pandemic's impact on the economy, we maintained these relationships with our suppliers and will continue working with them.

We recognize the impact that the pandemic has had on our community and our people. To ease concerns and support our stakeholders throughout these times, we took immediate measures on various fronts; (i) we ensured the safety of all employees and their dependents; (ii) safeguarded business continuity; and (iii) structured and secured proper logistic measures to adhere to social distancing procedures.

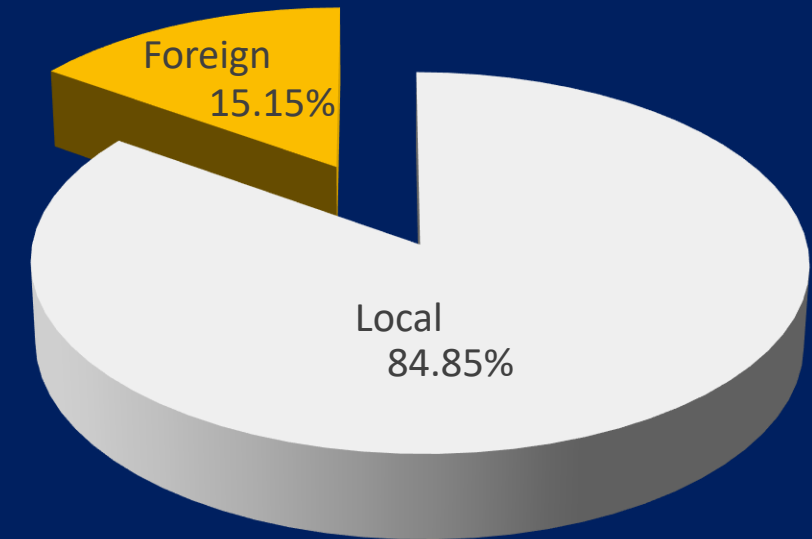
Creating Economic Value

Bank of Sharjah has been continuously involved in the economic growth and development of the Emirate of Sharjah and the UAE. The Bank also has a subsidiary in Lebanon, *Emirates Lebanon Bank S.A.L*, that strengthens its presence in the country.

Over the years, Bank of Sharjah has contributed to the Emirates by supporting both corporations and individuals in their financial needs, be it through financial or advisory support. Additionally, the Bank appropriated AED7.5M of its revenue to charity and directed AED13.9M to social contributions. The Bank has worked tirelessly to contribute to the community, the environment, and the economy through partnerships with agencies such as Bee'ah, the Big Heart Foundation, and the Sharjah City for Humanitarian Services.

In line with its commitment to a sustainable future, Bank of Sharjah aims to build partnerships and long-lasting relationships with all its stakeholders, including its suppliers. Thus, the Bank ensures that all its suppliers undergo proper KYC and adhere to an ethical code of conduct, to build relationships that last years. The Bank also ensures that it supports the local economy and community by committing to source the majority of its needs from the local market; 84.85% of Bank of Sharjah's suppliers are based in the UAE. The Head of Administration and Procurement monitors the Bank's supply chains to guarantee that the Bank's code of ethics is upheld, and that the local community is properly supported.

Proportion of spending on local suppliers



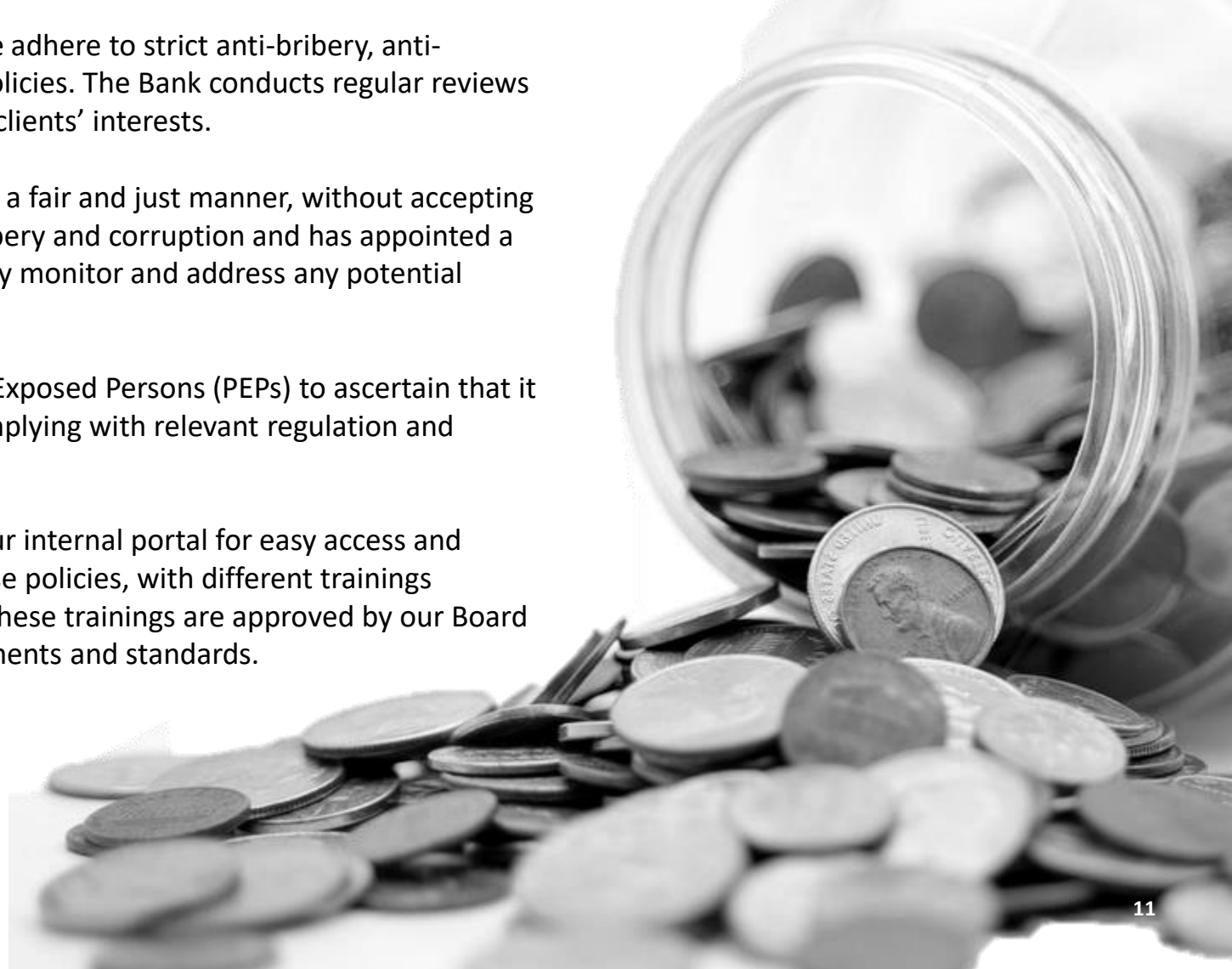
Safeguarding Your Interests

In accordance with the Bank's commitment to the community, we adhere to strict anti-bribery, anti-corruption, anti-money laundering, and regulatory compliance policies. The Bank conducts regular reviews and updates of these policies to ensure that it is safeguarding its clients' interests.

Bank of Sharjah's employees are committed to servicing clients in a fair and just manner, without accepting any gifts from clients. The Bank has a zero-tolerance policy to bribery and corruption and has appointed a Group Head of Compliance and Corporate Governance to properly monitor and address any potential incidents.

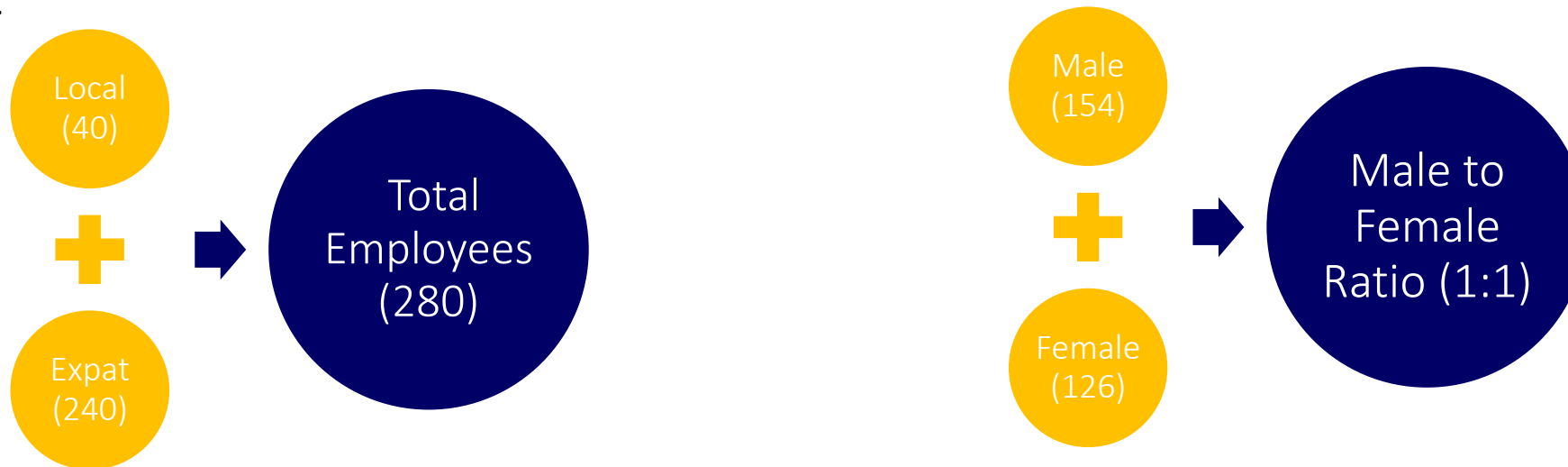
Additionally, the Policies cover the Bank's approach to Politically Exposed Persons (PEPs) to ascertain that it is treating all its Clients with the highest standards while also complying with relevant regulation and standards.

Our policies are circulated to all employees and is uploaded on our internal portal for easy access and reference. Moreover, our employees are regularly trained on these policies, with different trainings targeting branches, the head office, and different departments. These trainings are approved by our Board of Directors and are regularly updated to meet changing requirements and standards.



Our People

Our People are our biggest asset and we are continuously working to support them and their needs. The pandemic strengthened our commitment to our staff and we focused on ensuring that employees and their family members are safe and well cared for. We aim to treat everyone in a just manner and do not discriminate against any employee on the basis of gender, race, religion, or disability. Over the past year, our employee turnover ratio was 1% which we believe is a testament to our staff's happiness and satisfaction with us and our services. The Bank is committed to keeping its turnover rate low which means hiring the right people and keeping them happy. To that end, we have appointed an Emirati, Head of Human Resources who shall be responsible for implementing our Emiratization initiative that is in line with the UAE Central Bank's centralization strategy and hiring the right staff. However, it is important to note, that due to COVID-19, the Bank is on a hiring freeze. Nonetheless, we are committed to the training and development of education of our staff, including our UAE nationals, and support various initiatives in this regard, be it through active sponsorship or through our e-learning platform that contains mandatory and elective courses. These courses include courses on topics including, but not limited to, anti-money laundering, capital markets, and investment banking. Employees are required to complete the mandatory courses on an annual basis while elective courses are highly encouraged. Additionally, the Bank offers employees educational sponsorship and awards exceptional students, educational scholarships. These undertakings are in-line with our commitment to the betterment of our staff and our community; we continue to recognize that we grow together.



Our Environment

Bank of Sharjah is committed to decreasing its impact on the environment and supporting its clients in their quest for sustainable living. To strengthen that commitment, BOS has a long-term partnership with Bee'ah, a leading environmental waste management company, that focuses on waste management and environmental issues.

This partnership tackles waste and energy generated in day-to-day operations while also addressing long-term targets to reduce energy consumption. Currently, paper and plastic used by the Bank's 6 branches in the UAE and its headquarters are being recycled by Bee'ah. Furthermore, the partnership includes initiative for the recycling of electronic waste and printing cartilages which are major waste producers. The Bank is also undergoing a "digital transformation" that allows clients to opt-out of online receipts and statements and receive e-statements and e-receipts instead.

We are committed to the 2016 Paris agreement that calls on governments, businesses, and financial networks to tackle the challenges posed by climate change.

Total Electricity and Gas Consumption for 2020 – 712,785 kWh

Bank of Sharjah has implemented eco-friendly policies internally and externally to reduce the organization's ecological footprint. The Management has been collaborating with various departments and Bee'ah to identify energy reduction opportunities and processes that would reduce the Bank's carbon footprint and decrease its environmental impact.



Our Community

We recognize that we cannot grow sustainability alone; our clients, our people, and our community must grow with us. We aim to contribute to that sustainable growth by partnering with businesses and stakeholders to ensure the community's interests are catered to and addressed.

We aim to be proactive, not reactive. To that end, we support the community in a tailored approach that addresses its needs; the method of support is secondary to the support given. Over the past year alone we have contributed to and partnered with a variety of different foundations and companies to cover a broad spectrum of initiatives and communities. In 2020, we contributed to The Big Heart Foundation's "Salam Beirut" initiative to support Beirut after the explosion that struck its port. Additionally, the Bank continued its long-term partnership with Sharjah City for Humanitarian services by contributing financially to the development of 17 buildings that will be used for educational, rehabilitative, and service purposes. Another long-term partnership the Bank holds is with the UAE's Ministry of Interior. The Bank has continued to support the Saeed Association in its commitment to raising traffic awareness throughout 2020.

The Bank is also committed to supporting people of determination and has several initiatives revolving around this cause, including its support to Al Noor Rehabilitation and Welfare Association for People of Determination. From an economic perspective, the Bank also launched #SaveTheSmallGuys in support of small enterprises as they make up over 94% of businesses in the UAE and employ a large number of people.

These are a small sample of our diverse, long-term partnerships which are led by our Management. We are committed to continuously supporting these diverse communities to sustainably grow together. For a full report on all our long-term partners and other contributions and support we have given throughout 2020, please refer to our CSR report.



#SaveTheSmallGuys



GRI Standards Content Index

GRI Standard	Disclosure	Page number/s, URL References	Omissions
Organization Profile			
102-1	Name of the organization	01	
102-2	Activities, bands, products, and services	07	
102-3	Location of headquarters	06	
102-4	Location of operations	06/07	
102-5	Ownership and legal form	06/07	
102-6	Markets served	06/07	
102-7	Scale of the organization	06/12	
102-8	Information on employees and other workers	12	
102-9	Supply chain	12	
102-10	Significant changes to the organization and its supply chain		No changes
102-11	Precautionary Principle or approach	06/07	
102-12	External initiatives	14	
102-13	Membership of associations		No memberships

GRI Standards Content Index

GRI Standard	Disclosure	Page number/s, URL References	Omissions
Strategy			
102-14	Statement from senior decision-maker	03	
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	05	
Governance			
102-18	Governance Structure	09	
Stakeholder Engagement			
102-40	List of stakeholder groups	08	
102-41	Collective bargaining agreements		UAE does not have unions
102-42	Identifying and selecting stakeholders	08	
102-43	Approach to stakeholder engagement	08	
102-44	Key topics and concerns raised	08	

GRI Standards Content Index

GRI Standard	Disclosure	Page number/s, URL References	Omissions
Reporting Practice			
102-45	Entities included in the consolidated financial statements	07	
102-46	Defining report content and topic Boundaries	04	
102-47	List of material topics	04	
102-48	Restatements of information	04	
102-49	Changes in reporting		This is our first report
102-50	Reporting period	04	
102-51	Date of most recent report		This is our first report
102-52	Reporting cycle	04	
102-53	Contact point for questions regarding the report	19	
102-54	Claims of reporting in accordance with the GRI Standards	05/07	
102-55	GRI content index	15/16/17/18	
102-56	External assurance	05	

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GRI Standard	Disclosure	Page number/s, URL References	Omissions
Economic			
204-1	Proportion of spending on local suppliers	10	
205-2	Communication and training about anti-corruption policies and procedures	11	
Environmental			
302-1	Energy consumption within the organization	13	
Social			
401-1	New employee hires and employee turnover	12	
404-2	Programs for upgrading employee skills and transition assistance programs	12	
413-1	Operations with local community engagement, impact assessments, and development programs	14	

For more information, 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

www.bankofsharjah.com