



بنك صفوة الإسلامي
Safwa Islamic Bank

2022

Sustainability Report

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Safwa Islamic Bank
بنك سافوا الإسلامي

1. About the Report

Welcome to Safwa Islamic Bank SIB (ASE:SIBK) 2022 Sustainability Report. This report highlights SIB's overall sustainability performance and impacts from 1st of January 2022 to 31st of December 2022 across all its branches and offices. This report is issued as part of Safwa Islamic Bank's commitment to transparency and sharing of our sustainability performance and is being published separate of its Annual Financial Report.

This is the first sustainability report issued by Safwa Islamic Bank . The report covers the sustainability performance of SIB and the impacts of operations and activities on the environment, society and economy. This report was prepared in accordance to the Global Reporting Initiative standards GRI 2021, and the topics covered in the report were based on a number of material areas identified by various engagements with our stakeholders.

For any queries or feedback about the report, please contact us directly through this email:

Shareholders@safwabank.com



The sustainability report does not report on the performance of Misc Brokerage, which is a subsidiary of Safwa Islamic Bank.



II. CEO Statement

I am pleased to present Safwa Bank's first sustainability report for the year 2022.

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. This report is an integral part of the bank's core sustainability activities, ensuring the transparent and accurate presentation of our efforts in relation to the environment, society, and economy.

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.

In 2022, we successfully executed a dynamic strategy, building on the growth trend of the previous year. This is evident in the various growth indicators, including assets, deposits, return on deposits, liquidity, revenue, and investments. Our efficient use of resources and effective cost management contributed to our sustainability goals and bolstered our leading position in Jordan's banking sector and increased the number of beneficiaries and transactions.

Last year, we employed innovative methods to advance our business, enhance our market position, expand our social impact, and improve environmental considerations across our activities. This involved a strong emphasis on digital transformation.

Stakeholder Engagement

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.

Climate Change Commitment

As climate change impacts become more evident, we maintain our focus on cleaner energy and energy innovation as the key driver 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 introduction of green financial products.

Environmental and Social Commitment

We are committed to fulfilling our social and environmental responsibilities by making impactful contributions aligned with national trends and needs., with a focus on sectors such as the environment and health, as part of Jordan's Economic Modernization Vision. Through our endeavors, we aim to contribute to the national strategic vision for financial inclusion, thus fostering a fairer and more equitable financial system, which is vital for sustainable development. We will continue to serve the economy, customers, and community through our offerings.

Customer Focus

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. I extend my gratitude to all Safwa employees for their dedication to the bank's mission and values; your hard work has been instrumental in our success.

Organizational Development

We have embraced a comprehensive digital transformation program, making significant progress in transforming our operations' main pillars. This includes adopting banking solutions and systems in line with global trends and the latest technological tools to meet the evolving market requirements. Safwa Islamic Bank offers numerous electronic banking services through various channels, aiming to expand our scope in tandem with enhancing our electronic services platform. We strive to improve operations, performance, and offerings, such as green financing options, while continuously reducing our direct and indirect environmental impacts as we work towards achieving carbon neutrality.

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



About the Bank



About SIB

SIB is a public shareholding company licensed by the Central Bank of Jordan to practice and provide banking services under banking Law and the Companies Law. It was established in 2010. SIB capital at establishment consisted of 100 million JOD distributed across 100 million shares.

SIB provides all financial banking and investment services on a non-Interest basis under Islamic Sharia through SIB's head office in Abdali Boulevard, Amman,

and its forty-two branches, according to the effective Banking Law's instated in the Hashemite Kingdom of Jordan.

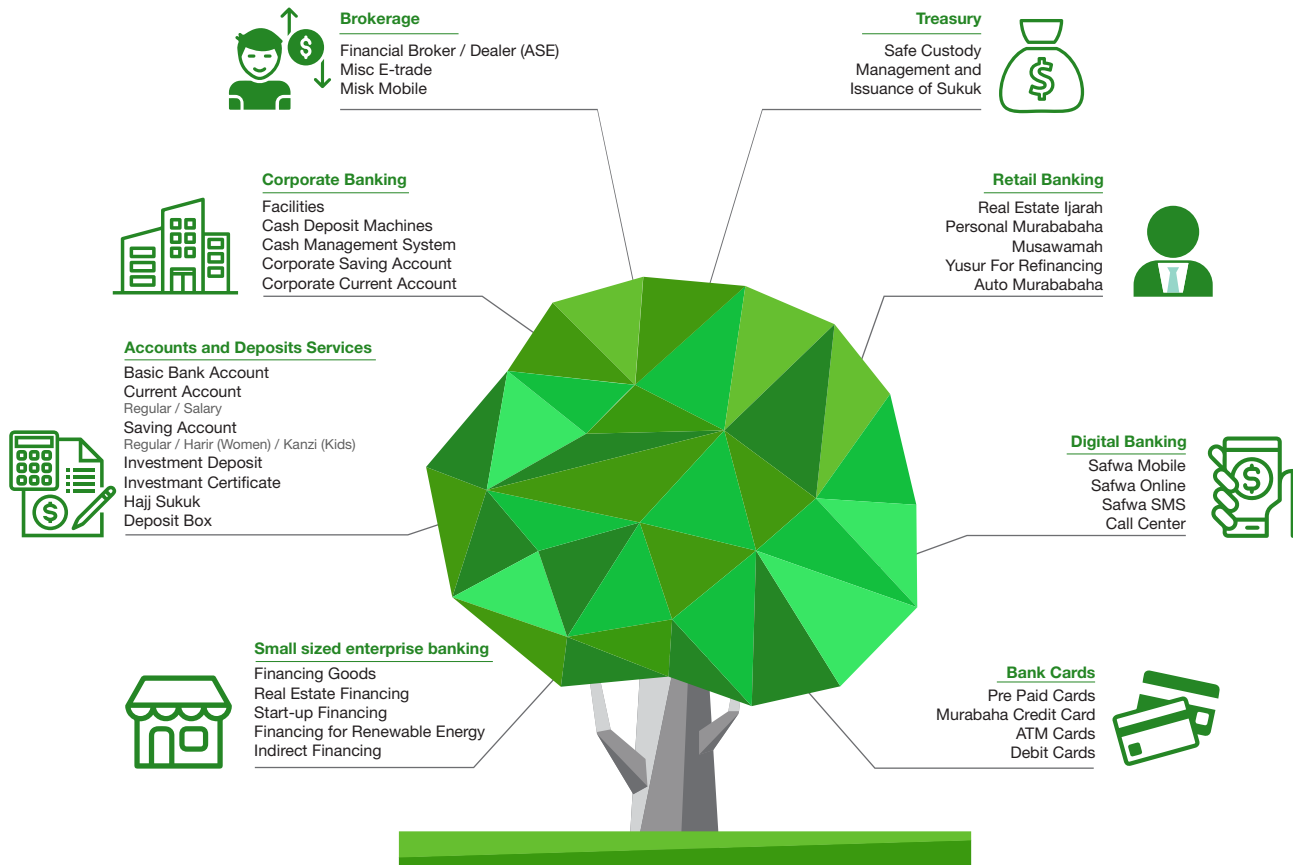
SIB is governed by Islamic Sharia law. Therefore, any selection of investment to be included in the SIB's investment portfolio undergo a screening process to ensure that the investment is not related to tobacco, companies generating profit through high interest, or projects that are in violation of human rights or contribute negatively to human rights.



"Creativity and new initiatives differentiate SIB from other competitors"

About SIB

SIB Services



SIB Reach

ATM	Number of ATMs	2020	2021	2022
		78	80	75
	Number of Branches	2020	2021	2022
		38	40	42

Our Ownership

Safwa Islamic Bank is a Public Shareholding Company.

Our Extended Business

SIB owns 100% of Misc Brokerage Company which commenced operations in 2011, with a capital of 2 million JOD. The Company provides financial brokerage services in Amman Stock Exchange. However, Misc Brokerage is not included in SIB's sustainability reports.

Shareholder Name	2020	2021	2022
Al-Etihad Islamic Investment Company	62.4%	62.4%	62.4%
Social Security Corporation	9.4%	9.4%	9.4%
Government Contributions Management Company	5.6%	5.6%	5.6%
Orphans Fund Development Foundation	4.9%	4.9%	4.9%
Others	17.7%	17.7%	17.7%

Supply Chain

During recent years, SIB built a network of over 2,000 local and foreign suppliers whom have been serving SIB with services and products that cover different supplies such as hardware, software, and insurance.

We deal with local suppliers whom are committed to a procurement policy approved by the bank highest governance body. Local suppliers represent 99% of the total number of suppliers dealing with SIB.

We ensure that our suppliers and contractors conduct

their activities in alignment to ethical and environmental principles. Additionally, we are committed to contributing to the economic growth of our Jordanian economy through investing in local suppliers (refer to [page 35](#)).

For more detailed information about the suppliers, refer to [Procurement System and Suppliers Section](#), noting that 40 suppliers form 75% of the total monetary amount dedicated to the supplies.

Associations SIB is part of include:



General Council for Islamic
Banks and Financial Institutions



المجلس العام للبنوك
والمؤسسات المالية الإسلامية



SIB is subject to the laws and regulations of the following parties:





2022 in Focus

2022 in Focus

1- Strategy and Performance

Our adaptable strategy for the years 2022-2026 led to rising performance metrics across numerous dimensions, such as assets, returns for depositors, deposits, liquidity, earnings, financing, and investments.

The General Assembly approved the Board of Directors' recommendation on not distributing dividends for the year 2022, to retain a high capital adequacy ratio for future expansion.

2- Digital Transformation

We embraced an all-inclusive program for digital evolution, modernizing our infrastructure, banking solutions, and systems to align with global advancements and market demands.

Safwa Islamic Bank now presents a range of electronic banking offerings across various channels, intending to broaden and enhance our digital services platform.

3- Consistent Growth

SIB experienced an 11% increase in assets, reaching 2.6 billion dinars, and a 7% rise in pre-tax profit, totaling 24.4 million dinars. Financing and investment volumes expanded by 21%, while deposits grew by 12%.

4- Social and Environmental Responsibilities

We continued our societal and environmental obligations, contributing to national priorities and needs, and backing sectors such as environment and healthcare. Our CSR Spending for this year increased by threefold over the previous years.

5- Market Share

Islamic banks retained their position in the Jordanian banking sector, with an 18.2% share of assets and a 23.9% share of deposits. Their financing share increased from 25.3% to 25.7%.

6- Financial Inclusion

We are dedicated to contributing to the country's strategic vision for financial inclusion, aiming for a more just and equitable financial system, and efficiently serving the economy, clients, and the community.

7- Geographical Expansion

In 2022, we added two additional branches into our network in Mafraq Governorate and Marka, Al-Jaish Street, targeting high population density areas. We also upgraded numerous ATMs with state-of-the-art machines providing extra services.

8- Future Outlook

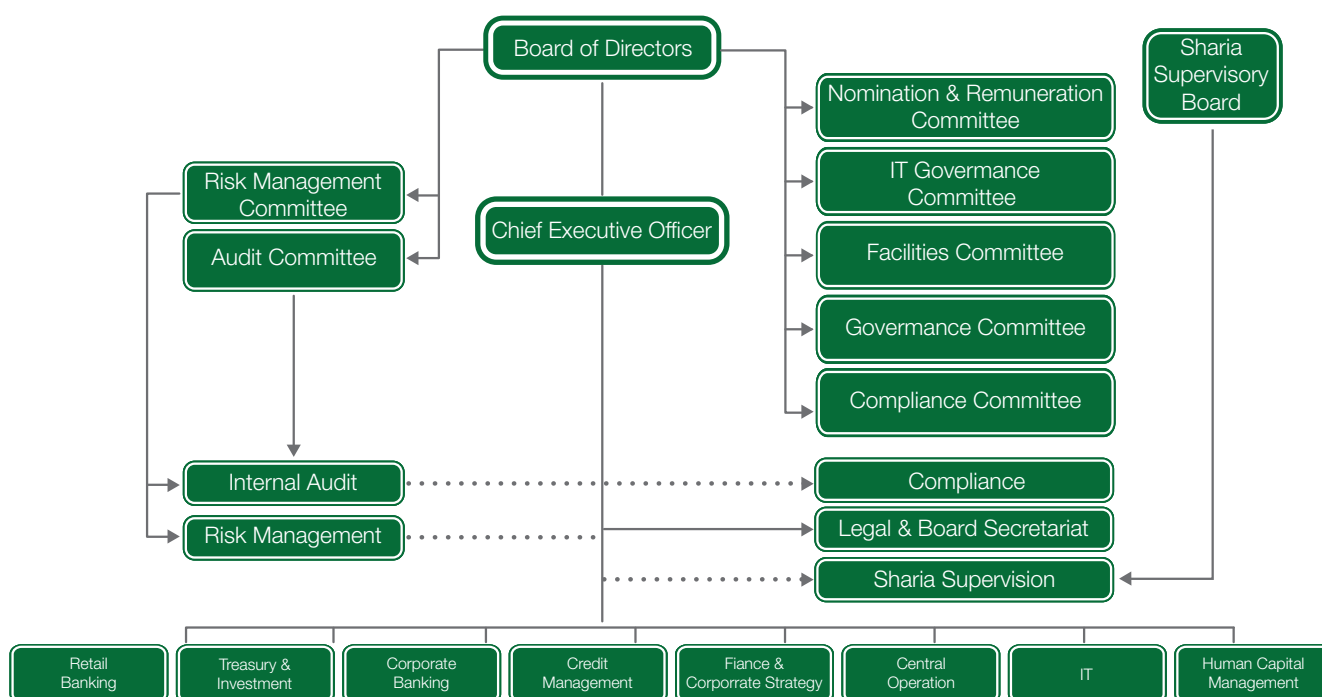
We intend to maintain our upward momentum, preserving profitability, market share, and the quality of our financing and investment portfolio. We also plan to broaden our clientele and execute developmental initiatives linked to digitization and green financing.



Governance

Governance at SIB

Organizational Structure



Committee and their responsibilities are :

- ▶ **Governance Committee:** This committee oversees the corporate governance manual, ensuring its regular updates and effective implementation. It is also responsible for submitting a governance report to the board and addressing the Jordanian Securities Commission's observations and recommendations to enhance compliance and performance.
- ▶ **Audit Committee:** This committee provides recommendations concerning the external auditor, reviews procedures for employees to confidentially report errors in financial reports, and ensures no conflicts of interest arise from deals, contracts, or projects with related parties.
- ▶ **Nomination & Remuneration Committee (NRC):** The NRC identifies qualified individuals for the Board of Directors, Shari'ah Supervisory Board, and top executive management positions. It also evaluates their performance and that of the CEO.
- ▶ **Risk Management Committee:** This committee sets and reviews the Risk Management Framework, monitors developments impacting risk management, and ensures effective risk management measures are in place. It also checks for discrepancies between actual risks and the approved risk appetite.
- ▶ **Facilities Committee:** This committee makes decisions regarding facilities recommended for approval by the highest committee of the Executive Management Committee.
- ▶ **Compliance Committee:** This committee supervises the independence of the Compliance Department and anti-money laundering (AML) functions, oversees the compliance and AML reporting process, and monitors compliance with AML/CFT standards. It ensures SIB is compliant with regulatory requirements and has an effective internal control system to manage risks.
- ▶ **IT Governance Committee:** This committee approves strategic objectives, organizational structure, and the general framework for managing, regulating, and supervising IT resources and projects. It also oversees IT risk management, IT processes, and auditing reports to ensure compliance with regulations and best practices.

Board of Directors and the Highest Governance Body

Selection of the Highest Governance Body

The Nomination and Remuneration Committee identifies the persons qualified to be a member in the Board of Director as well as the persons qualified to join the Shari'ah Supervision Board considering their abilities and qualifications. In case of repeated nomination, the member's number of meeting attendance and his/her effective participation in the Board's meetings/ Shari'ah Supervision Board's meetings will be taken into account.

The Central Bank may object to the nomination of any person to the membership of the Board of Directors of SIB if found not meeting any of the conditions outlined in the [Governance Manual](#).

The General Assembly of Shareholders appoints the members of the Shari'a Supervisory Board upon the recommendation of the Board and recommendation of the Nomination and Remuneration Committee (NRC) for a four-year cycle that is subject to renewal.

The process for nominating shareholders for the [Board of Directors BOD](#) involves the following process:

- 1 Submit and Share a brief identification document of nominees to the shareholders who will attend the meeting of the General Assembly,
- 2 Inform all those who desire to be nominated that there is evidence that the Central Bank of Jordan has no-objection to their candidacy,
- 3 Obtain no-objection letters from the Central Bank of Jordan to nominate them before the date of the General Assembly meeting of the shareholders of SIB for not less than two weeks.

Rules and conditions for the enrolment of members to the Board of Directors and the Shari'ah Supervisory Board are comprehensively presented in [SIB's Governance Manual](#).

Board Members

The Board of Directors BOD consists of eleven members; of which four of them are independent. All the members are non-executive including the chair of the board of directors. This remains unchanged from the previous year ended 31 December 2021.

SIB holds General Assembly Meetings during the year and involves all shareholders as well as members from the Board of Directors. In addition, SIB holds BOD meetings during the year.



The number of BOD members

2020	2021	2022
10	10	10



The number of BOD members

2020	2021	2022
1	1	1

The below figure shows the number of meetings conducted during the years of 2020, 2021, 2022.



The number of BOD meeting

2020	2021	2022
7	8	8

The execution of corporate governance within SIB provides a basis for future corporate development and performance; supports confidence in SIB's activities and dealings, and enables us to successfully contribute to the development of the Jordanian banking system and to the Jordanian economy.

The Board of Directors has, but is not limited to, the following main duties and responsibilities:

1. Overseeing and following up on the top executive management's performance and adopting proper policies and procedures to oversee and control SIB's performance.
2. Defining the strategic objectives of SIB and instruct the executive management to set a strategy to achieve these objectives, approve it together with any business plan in line with that strategy.
3. Ensuring that SIB has policies, procedures, and action plans which include all the activities and ensuring that they are in line with the related regulations.
4. Determining the corporate values of SIB and setting clear lines of responsibility and accountability to all Bank's activities.
5. Ensuring that SIB adopts proper social initiatives in the field of environment protection, health, and education.
6. Setting and approving various policies in SIB such as setting a policy to regulate the relationship with the stakeholders.

Additionally, the board assumes liability for the integrity of all aspects of business for SIB, including the financial status; liability for implementing requirements set forth by the Central Bank as well as the requirements of other regulatory and control authorities and for informing the stakeholders.

The Shari'ah Supervisory Board is also a critical component of our banking structure and is subjected to Article 58 of SIB's Law No. 28 of 2,000 as amended and consists of 4 members. This board is mainly responsible for monitoring SIB's business and activities in terms of conformity and non-contravention with the Islamic provisions and for following up and reviewing operations to verify they are free of any Shari'ah prohibitions. Moreover as the Shari'ah Supervisory Board makes and expresses opinions on the extent of SIB's compliance with the Islamic provisions and principles.

Reporting to the Board of Directors

Periodic reports are submitted to the BOD. These reports contain the bank's financial analysis and performance, projects progress, accomplishments, CSR activities, social and environmental initiatives. All of which are consolidated and presented as part of the annual report as well as [Investor Report](#).

The BOD has a role in managing SIB's sustainability impacts through the various means and channels utilized to report SIB's economic CSR activities (e.g. donations and grants), environmental support projects and outcomes that are dedicated to protecting and preserving the environment, and social activities and initiatives (including those aiming to empower women and support children). These impacts are reported through multiple reports containing CSR activities.

Board Evaluation

The Nomination & Remuneration Committee (NRC) works in conformity to the Central Bank's regulations and are responsible for evaluating the performance of the BOD and its committees and provide the Jordan Security Commission with the outcome of the evaluations. The committee adheres to specific and approved bases in the evaluation of the performance of the board, Shari'ah supervisory board and the CEO. The evaluation process depends on key performance indicators derived from the long-term strategic plan and goals set by the BOD. The NRC evaluation is independent and is conducted on an annual basis.

Effectiveness of SIB's Operations

The Board of Directors and the Executive Management at Safwa Islamic Bank are responsible for setting, implementing, and maintaining internal control systems at SIB.

SIB's strategy and operational plans stemming from it, along with the related policies in various fields (credit, risk, human resources, information technology) are approved by the Board of Directors. The Board is also involved in approving the internal control and oversight systems, ensuring their effectiveness, and the extent of SIB's adherence to the strategic plan, policies, and procedures as approved or required by the law or instructions issued in this regard. On the other hand, the Executive Management of SIB is responsible for:

1. Preparing the working procedures that govern all of SIB's operations and working to implement the approved policies with a high degree of efficiency and effectiveness.
2. Conducting a periodic review of these procedures to ensure that they are compatible with the work environment and requirements, and to ensure they are capable of being implemented optimally.
3. Formulating, updating, and implementing work procedures in a way that ensures the identification, measurement, control, and monitoring of the risks facing SIB.

SIB is governed by Islamic Shari'ah law. Therefore, any selection of investment to be included in SIB investment portfolio undergo a negative screening

process to ensure that the investment is not related to tobacco, companies generating profit through high interest, projects that violate human rights, or contribute negatively to human rights or any project that is not in compliance with the Islamic shari'ah principles.

The Shari'ah Supervisory Board is responsible for the supervision of business' activities, products, services, contracts, and documents with regards to their compliance to Shari'ah law. They are responsible for conducting Internal Shari'ah audit and control and take the responsibility of Monitoring SIB's compliance with Islamic Shari'ah principles. Other BOD committees are responsible for overseeing the management of impacts in their respective authority.

Delegation of Responsibilities

The Board determines banking operations that require its approval taking into account not to violate the control role of the Board. No executive authorities are delegated to the Board's directors, or the Chairman, including the authority to individually grant credit.

The Board of Directors forms committees among its members and determines their objectives and delegates authorities to them in accordance with an approved charter shared through the [Governance Manual](#). The committees submit periodic reports to the Board and a report on their work to the Ordinary General Assembly meeting.

The Board sets a clear delegation policy in SIB specifying the authorized persons and the limits of the delegated authority. Accordingly, the top executive management shall derive its authority only from the Board and shall work within the delegations granted to it by the Board.

The Board further ensures that the top executive management assumes their responsibilities pertaining to the daily operational management of SIB and contribute to the implementation of corporate governance, it delegates authorities to the officers, establishes an effective managerial structure that would enhance accountability, and implements tasks and missions of the various business activities and fields in conformity with the policies and procedures approved by the Board as well as the resolutions and Shari'ah Fatwas issued by the Shari'ah Supervisory Board.

The BOD ensures accountability of executive management with regard to realized impacts from their business. Subsequently, departments and executive committees are held responsible by the highest managing position for any realized impacts from their roles on SIB each across their respective authority.

Conflicts of Interest

As part of the Board Charter and the Board's Governance structure, the Board adopts policies and procedures to identify and address conflicts of interest that may arise when SIB is part of a banking group and to disclose any conflict of interest that may arise from SIB's association with companies within the Group. Also, the Shari'ah Supervisory Board is responsible for approving policies and procedures to address conflicts of interest.

The Board evaluates the implementation of Corporate Governance in companies owned by SIB and reviews them annually, in a manner that does not conflict with the amended instructions of the institutional governance of Islamic banks.

The Audit Committee is involved in conflict of interest checks, by ensuring that no conflict of interest may arise from holding deals or contracts or projects by SIB with external parties.

Remuneration

Remuneration Policy

The Nomination & Remuneration Committee (NRC) of SIB sets the financial remuneration policy for the directors objectively and transparently. The policy is adopted and approved by the Board and the Central Bank is provided with a copy.

The financial remuneration policy reflects the following main elements:

- Set and prepared in a way to maintain the members experience, skills, and competency and keep them stimulated and motivated, and upgrade their performance.
- Granting remuneration may not be based only on the current year's performance but also on the performance in the medium and long term (3-5years).
- It reflects SIB's goals, values, and strategy.
- Remuneration type is defined in the form of allowances

One of the remunerations provided to the BOD members and Shari'ah Advisory Board members is the transportation and travel allowance with payments at the end of the month or year.

The amount of remuneration varies depending on the purpose of the remuneration, the uses, the committee, and the position held in the committees.

The process to determine remunerations

The Board of Directors approves allowances policy as required by the Companies law.

In addition to, and based on SIB's performance, the NRC committee might recommend to the board a bonus to certain or all of the board members, as per Companies Law which give authority to remunerate the board members in case of achieving a profit of %10 of the generated profit.

(The NRC consists of independent members. These members can share their inputs during regular board meeting).

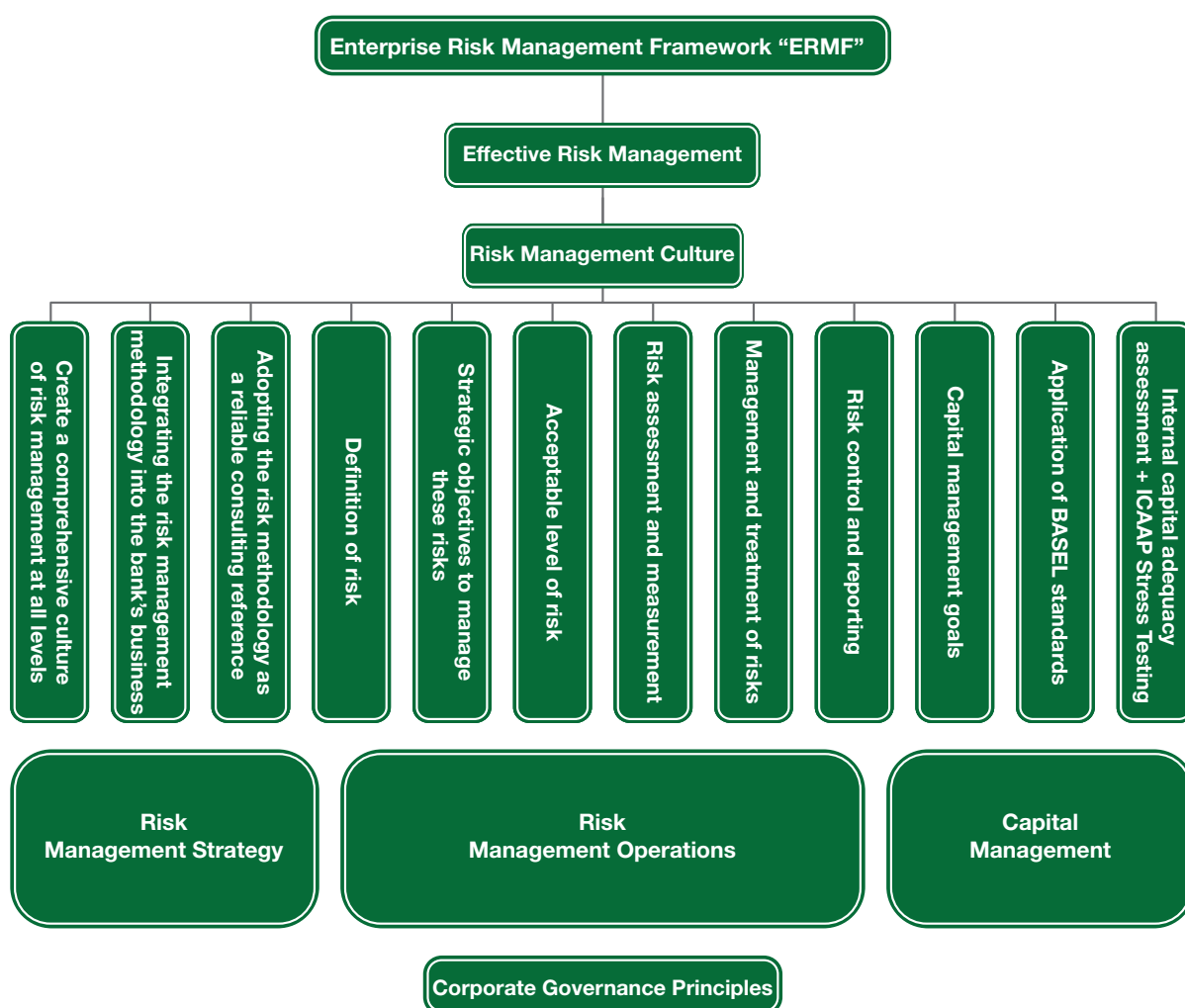
Risk Management

The general framework for risk management is considered the main umbrella for SIB's risk management operations, with an integrated set of various policies for managing risks that SIB may be exposed to during its business.

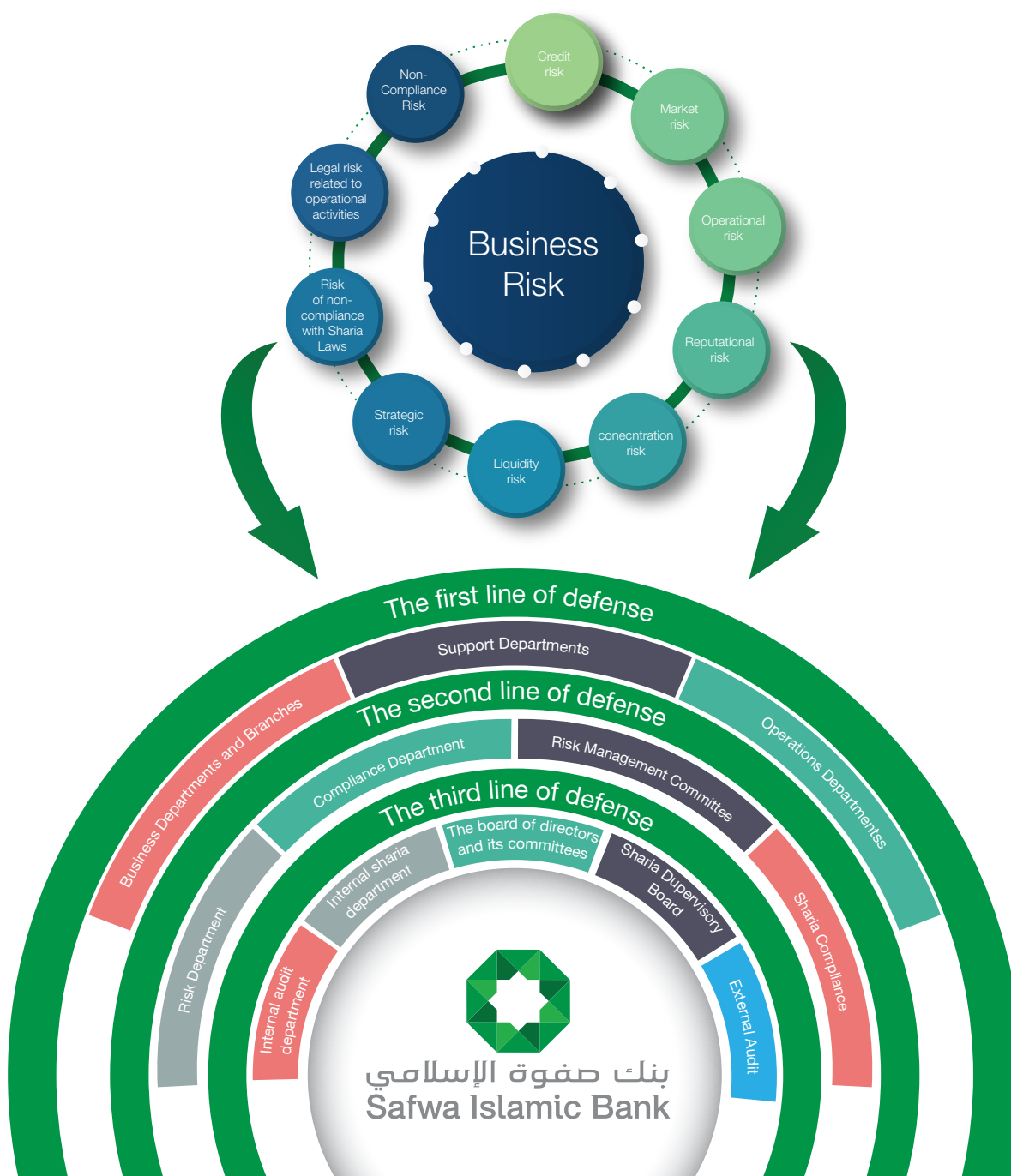
Enterprise risk management is implemented to manage the risks that SIB is exposed to according to the concept of prevention before correction. The board of directors implements a risk management framework as the base for other policies associated with risk appetite and other risk policies. Moreover, it's a base for preparing an Internal Capital Adequacy Assessment Plan (ICAAP) and Stress Testing.

The role of the risk Management department is to ease the management process of various types of risks that SIB is exposed to and evaluate, measure, and develop an appropriate measurement method to diminish the risks that affect SIB's profits and capital adequacy alongside the approved risk framework.

The internal audit departments also report to the board of directors through the board audit committee on the compliance level of all departments with risk management policies and procedures; as well as auditing the risk management department activities and reporting the findings to whom it concerns.



Integrated Risk management methodologies are implemented by the Risk Management Departments by identifying all risk factors that SIB is exposed to and managing each type of risk within an integrated cycle, such as defining each type of risk and managing the risk.



Entities and parties that have a role in developing the risk environment

Institutions or advisory bodies	Higher rating institutions	Central bank	Contributors
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Policy Commitments and Compliance

SIB's commitment to the anti-money laundering and terrorist financing policy works to build a business relationship with customers based on ethical standards and best practices, especially with regard to (Know Your Customer) and taking the necessary measures to determine the true beneficiary of all transactions.

SIB introduced educational programs on the adopted policies, laws, and procedures that SIB's management is keen on adhering to all approved policies and laws, in order to ensure compliance with all relevant regulations and legislations (refer to [Employee Development section](#))

The Risk Management Department is responsible for the process of managing risks that SIB is exposed to, whereby the department prepares and reviews the policies and procedures documents, controls, and limits of SIB's related activities, by managing all types of risks (such as credit risk, operational risks, market risks, liquidity risks, rate of return risk, reputational risks, non-compliance risks, risks of non-compliance with the provisions of Islamic Shari'ah, and other risks).

The compliance committee approves the compliance policy (including the duties and responsibilities of the Compliance department), Shari'ah Compliance, Anti-Money Laundering, and any other policy relating to the Compliance and Anti-Money Laundering department and recommends to the Board for approval.

The Internal Audit Department, Shari'ah Supervisory, and the Compliance Department carry out periodic reviews and on-site visits to audit SIB's operations and to ensure full compliance with the policies and procedures in place.

During the reporting period, SIB reported zero material fines or penalties that were paid for instances of non-compliance with laws and regulations.

Besides that SIB is committed to the inclusion of people with special needs including people with disabilities as defined and regulated by the Ministry of Labor in Jordan.







SIB and Sustainability

SIB and Sustainability



The alignment between Islamic banking principles and sustainability objectives, including a focus on social responsibility and environmental stewardship.

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:

Islamic Banking principles

- ▶ **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.

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.

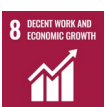
By adhering to Sharia principles, Islamic banks can play a pivotal role in achieving the global agenda for sustainable development, particularly in areas such as:



SDG 1: No Poverty - By fostering financial inclusion and providing access to financial services for marginalized communities, Islamic banking contributes to poverty reduction efforts.



SDG 7: Affordable and Clean Energy - By investing in renewable energy projects, Islamic banks help increase the share of clean energy in the global energy mix.



SDG 8: Decent Work and Economic Growth - By financing sustainable projects and industries, Islamic banks create employment opportunities and contribute to inclusive economic growth.



SDG 13: Climate Action - By supporting climate change mitigation initiatives, Islamic banks play a crucial role in reducing greenhouse gas emissions and building climate-resilient societies.



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 Focuses

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.
- **Emphasis on Key Sustainability Themes:** Identifying 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.

Governance

Effective governance is crucial for the successful execution of SIB's sustainability strategy. The governance framework typically includes the following components:

- **Board of Directors:** The board is responsible for supervising SIB's sustainability strategy, setting strategic objectives, and ensuring compliance with Sharia principles and regulatory requirements.
 - **Sharia Supervisory Board:** This independent group of Islamic scholars ensures that SIB's operations, products, and services align with Sharia principles and provides guidance on matters related to Islamic banking and finance.
- Future Prospect**
 - **Sustainability Committee:** This cross-functional committee, usually comprising senior management representatives, is responsible for executing SIB's sustainability strategy, monitoring progress, and ensuring the integration of ESG factors across the organization.
 - **External Assurance:** Engaging independent third-party organizations to review and verify SIB's sustainability reporting and performance, ensuring credibility and transparency.

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 Board of directors initiated the process of reporting on the sustainability performance of SIB. The reporting responsibility was 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. The board of directors take active part in reviewing the sustainability report and approval of the material topic resulted from the materiality assessment.

The collective knowledge of both the Board of Directors and the Shari'ah Supervisory Board with regard to

various topics is developed and increased through informativeseminars. However, the BOD hasn't received any measure to advance its collective knowledge on sustainable development.

Materiality and Stakeholder Engagement

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

Assessing Materiality

The process for assessing materiality involves the following steps:

Identify

Engage

Analyze

Communicate

- 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. Conducting awareness sessions on SIB's sustainability reporting and periodic materiality assessment engagement.
 - b. Conducting 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 to 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 that 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 that 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 that 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.

1.1. 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.

1.2. 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.

1.3. 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.

1.4. 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.

2.1. 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.

3.1. Environment: The environment refers to the natural and physical surroundings that are impacted by SIB's operations, including air, water, land, and biodiversity. The environment has an indirect and partial impact on the 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 wellbeing of local communities near our operations.

By year end 2022, SIB has engaged tier 1 stakeholders directly and tier 2 stakeholder indirectly. SIB plans to include more stakeholder categories and expand its engagement into tier 3 stakeholders.

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.

$$Score_{Materiality} = Score_{Impact\ Topic} + (Score_{Impact\ Topic} \times f_{ESG})$$

After conducting the stakeholder engagements, 15 material topics were identified out of 21 impact areas. These material topics are:

Material Topics	Stakeholder Group	Category
Anti-corruption	Regulators and Investors	Governance
Training and Education	Employees	Social
Diversity and Equal Opportunity	Employees	Social
Economic Performance	Investors	Economic
Financial Inclusion	Customers	Economic
Labor Management and Employment	Employees	Social
Occupational Health and Safety	Employees	Social
Procurement Practices	Employees	Economic
Information, Cyber security and data privacy	Employees	Social
Digital product and service transformation	Employees and customers	Social
Sharia Compliance	Employees	Governance
Marketing and Outreach	Employees	Social
Energy and Emissions	Employees	Environmental
Customer Service and Satisfaction	Customers	Social
Community Support and Development	Investors	Social



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, we are committed to delivering long-term value to our stakeholders, minimizing the accompanying environmental footprint, and contributing to a sustainable future. The approach disclosed in this section was developed with industry

experts to allow us to better manage and disclose each of them. This supplements the information disclosed in sections 6 and 7, including the stakeholder engagement process, yearly sustainability reporting scheme, and implementing sustainable business practices across our operations. Our disclosure for the management of material topics will fall under three categories, each with its reporting requirements.

Materiality Categories

1. Material sustainability impact areas deemed relevant to SIB:

- Disclosure of performance: by clearly outlining our performance in these areas, highlighting our progress towards goals, and providing quantifiable metrics.
- Presentation of the management approach: by 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.

We are committed to ensuring our sustainability report is clear, concise, and well-organized to facilitate the transparent disclosure of SIB's sustainability practices.



بنك صفوة الإسلامي
Safwa Islamic Bank

عروض استثنائية لجميع الجهات الأمنية

<p>تمويل اراضي</p> <p>بصيغة الإجارة يبدأ من مثبت لسنة</p> <p>7.75%</p>	<p>تمويل السيارات</p> <p>بمعدل مرابحة يبدأ من ثابت</p> <p>4.40%</p>
<p>تمويل سكني</p> <p>بصيغة الإجارة يبدأ من مثبت لسنة</p> <p>7.25%</p>	<p>تمويل شخصي</p> <p>بمعدل مرابحة يبدأ من ثابت</p> <p>5.55%</p>

العرض صالح لغاية 2023/6/30
يخضع لشروط وأحكام البنك

Economic Performance

Economic Performance and Financial Inclusion

Economic Performance

Strong economic performance enables us to contribute to economic growth, create employment opportunities, support community development, and ensure long-term value for our stakeholders. As such, we are committed to addressing the topic of economic performance as seen across our strategy for 2022-2026 which is focused on responsible growth, risk management, and financial inclusion among many others. We have taken several actions to manage the topic of economic performance and its related impacts:

- To prevent or mitigate potential negative impacts, we adhere to responsible lending practices, conduct thorough due diligence on investments, and implement robust risk management frameworks.
- To address actual negative impacts, we regularly review our portfolio and assess the economic, social, and environmental implications of our activities, making adjustments as needed.

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

Comprehensive information on the financial status and indicators for all aspects of SIB's business can be accessed through our 2022 Annual Financial Report.

Direct Economic Value

In 2022, SIB generated JOD 65.962 million in revenue, with operating costs amounting to 29 million. Employee compensation totaled 15.384 million, while donations and community investments amounted to 898 thousand. Retained earnings reached 15.1 million, with 9.3 million paid in tax. JOD 12 million has been paid over the past four years as part of economic value distributed to capital providers (refer to [SIB's Annual Report](#)). The reported indicators represent SIB's performance in Jordan.

Item	2019	2020	2021	2022
Economic Value Generated				
Revenues (after cost of deposits)	50,366	52,358	58,698	65,962
Economic Value Distributed				
Operating Costs	24,697	26,088	25,973	29,089
(of which) Employee Wages and Benefits	13,152	13,123	14,403	15,384
Payments to providers of capital (dividends)	-	6,000	6,000	-
Taxes	7,186	5,664	8,757	9,308
donations and community investments (CSR)	296	241	152	898
Others	-	-	-	-
Economic Value Retained				
Net Profit	10,016	10,167	14,060	15,112

- Values are shown in thousands of JODs

The scale of the climate crisis is more apparent than ever, and the effects of climate change are threatening people, business operations and economies around the world. Uncontrolled warming could have negative impacts on SIB and its ability to operate. A scarcity of water could, for example, have a severe impact on our business either directly through influencing SIB's operations or indirectly through affecting lending client's operations and their ability to commit to their financial obligations.

Future Prospect

As a business potentially affected by climate change. We are devising plans to incorporate mitigation and adaptation of climate change into our operations. This is meant to be achieved through adhering to the quantitative analysis required by the TCFD, in which we are in alignment with its principles. Additionally, SIB is fully committed to the Science Based Targets Initiative and is planning on committing to its process of defining climate change mitigation targets for the future.

Our commitment is demonstrated by our subsequent reporting. Overall, we address climate change risk through a comprehensive program that aims to both mitigate it and to help us find new opportunities. We are looking, for example, to minimize our contribution to climate change on the road to becoming climate neutral, and to promote the transition to a low carbon economy through the adoption of smart and renewable energy generation technologies on a large scale through wheeling projects (refer to [Energy and Climate Change section](#)).

Indirect Economic Impacts

During 2022, out of its total lending portfolio, SIB granted 866 million JOD in local infrastructure and development lending products for various sectors of the economy, this included development of services related to our facilities. These investments aim to enhance the quality of life for our employees, customers and the communities we operate in. The following table shows significant infrastructure investments.

Sector	Activities / Clients	Value
Utilities	Water and electric utilities, solar power, land transportation	210
Food and Beverages	Bakeries, food trade, restaurants	163
Agriculture	Olive, land reclamation, crop farming, livestock/poultry/fisheries, on-farm agricultural industries, and agricultural product trade.	101
Manufacturing	Fabrics and leather, Building materials, Chemical products, Industrial equipment, Plastic industries, Cement and concrete, Furniture, Aluminum, iron and minerals, Others	97
Trade	Machinery, textiles, pharmaceuticals, antiques, gas stations, agricultural equipment, accessories, and car trading.	89
Construction	Building materials and sanitary tools companies Observations and construction companies	88
Government Services and Health Services	Government agencies, health institutions, professional unions	75
Services	Transportation, publishing, tourism, recruitment, education, healthcare, sports, labs, real estate, import/export, maintenance, and beauty salons.	42
IT	Information technology solutions, wired and wireless communication	1

- Values are shown in Millions of JODs

Significant Indirect Economic Impacts

Safwa Islamic Bank is committed to creating positive indirect economic impacts in the communities we serve. In 2022, we supported the following initiatives and achieved the following outcomes:

- **SME Lending and Support:** By providing JOD 49 million and JOD 198 million in loans to Small and Medium Enterprises (SME's) respectively in the local communities we operate in. This further emphasizes on SIB's role in contributing to the support of their growth. SIB does not report on the impact of its services on the creation of jobs in the local economy but is planning to incorporate this indicator in future years of reporting.
- **Financial Inclusion:** Financial inclusion allows individuals and enterprises to access useful and affordable financial goods and services (transactions, payments, savings, credit, and insurance) that meet their needs in a responsible and sustainable way. Customers accessing these products are, in turn, more likely to use other financial services to start and develop enterprises, invest in education and health, manage risk, and weather financial shocks, all of which may improve the overall quality of life.

Market Presence Defined benefit plan obligations and other retirement plans

SIB provides access to a number of defined benefit and defined contribution plans to its employees, this includes benefit packages on top of the employees in-

centives such as end of year bonuses. The pension plans are provided through the Social Security Corporation SSC and are funded by payments from SIB and the employees.

Ratios of standard entry level wage by gender compared to local minimum wage

Our bank is committed to ensuring fair and equal pay for all employees. We continuously monitor and adjust our entry-level wages to ensure they remain competitive within the industry and exceed the local minimum wage. Our ratios of standard entry-level wage are based on merit and are equal across both genders. SIB's average entry level wage is 1.7 times higher than the local minimum wage enforced by the Government of Jordan.

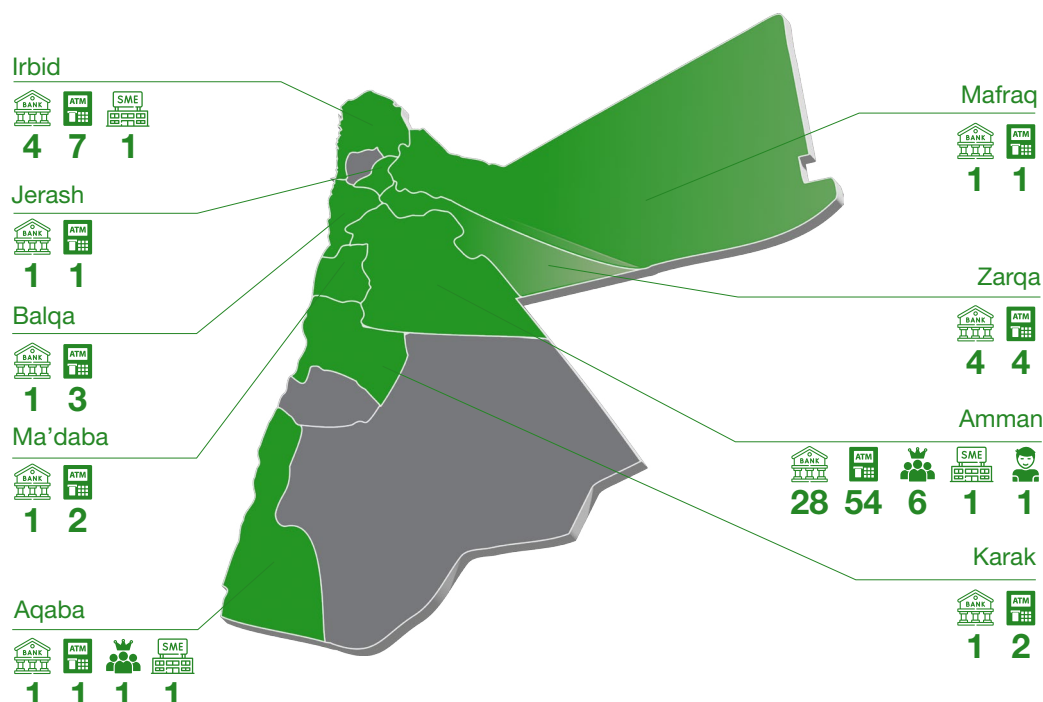
Ethical Finance and Responsible Investment

Policy Commitments and Compliance

At Safwa Islamic Bank integrity is one of our core values. It's crucial for us to maintain the highest level of integrity in our operations. Therefore, we are committed to

operate independently from political causes. This allows us to avoid future conflict of interest and prevent potential corruption or legislative limitation. Safwa Islamic Bank doesn't provide any direct or indirect financial or in-kind contributions to any political party.





Procurement System and Suppliers

Safwa Islamic Bank operates with local suppliers who are governed by Jordanian laws and regulations and are legally registered to operate in Jordan. These suppliers are obliged to follow Jordanian laws and regulations related to child labor and forced labor. Jordan has a National Framework to Combat Child Labor, which reflects the Ministry of Social Development's responsibility to protect working children as specified in Juvenile Law No. 32 of 2014. Jordan is also a member of the International Labor Organization (ILO) and is committed to the United Nations Rights of the Child and its two protocols, as well as the conventions affiliated with the ILO, including the Minimum Age Convention No. 138 and the Worst Forms of Child Labor Convention No. 182.

SIB only works with suppliers who meet the technical and financial requirements to deliver the required product. The procurement committee evaluates

suppliers' proposals to ensure the quality of the service or product they provide, their delivery time, their usual clients, the purchase price, their financial situation, SIB's past experience in purchasing from them, their historical documents indicating their experience, and a conflict of interest check. This approach ensures that SIB mitigates any potential impacts that may arise in structuring contracts.

Our bank spent 99% of its procurement budget on local suppliers (operating within the same country as SIB's branches and headquarter). This approach supports local economies and helps create jobs in the communities we serve. We remain committed to strengthening our relationships with local suppliers and continue to explore opportunities to increase our local procurement spending.

Management of Suppliers

We are dedicated to responsible procurement and supply chain management. Our supplier selection process, detailed in SIB's Governance Guide, ensures that suppliers meet our high standards in terms of quality, reliability, and sustainability. Key evaluation criteria include cost, quality, delivery time, market competition, client portfolio, financial stability, industry experience, compliance with standards, and post-service support. By adhering to these criteria, we promote responsible business practices throughout

Item	2022
Number of suppliers	523
Number of Local Suppliers	506
Total Spending on Procurement	15.33 million JOD
Percentage of Spending on Local Suppliers	99% ¹

¹ remaining 1% covers redundancies accounted for during the year (e.g. turnover)

our supply chain and align our procurement with environmental, social, and governance (ESG) principles.

Supplier Environmental Assessment

Safwa Islamic Bank works only with suppliers who are capable technically and financially to deliver the product. SIB follows a specific criterion while selecting the suppliers before deciding to sign with them as referred to at the beginning of this section.

Safwa Islamic Bank does not apply social impact assessment to the suppliers during service or delivery of product required. Therefore, SIB did not record any negative social impact from suppliers while providing the required delivery. Therefore, social negative impacts could be used where further investigation is required from SIB's side.

Anti-Corruption

Corruption can undermine trust, hinder economic growth, and lead to unfair business practices. Our bank recognizes the actual and potential negative impacts on the economy, environment, and people, including impacts on human rights, resulting from corruption. A strong commitment to combating corruption can foster a positive business environment and enhance our reputation.

SIB addressed 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 SIB's operations as well as its negative impacts include:

1. conduct regular risk assessments, provide anti-corruption training to employees, and require our business partners to comply with our anti-corruption policy.

2. a confidential reporting mechanism for employees and stakeholders to report suspected corruption incidents. When necessary, we take corrective actions, including investigations, disciplinary measures, and improvements to internal controls which are usually conducted through internal audit or compliance teams.
3. Promote transparency and ethical behavior within our industry and collaborate with other organizations to share best practices and drive positive change in the fight against corruption.

The risks of corruption related non-compliance could lead to legal or regulatory penalties, material losses or reputation risks to which SIB may be exposed due to non-compliance with laws, regulations, instructions, codes of conduct and banking standards.

SIB evaluates and monitors compliance according to the instructions issued by the Central Bank and other official bodies. In addition to reviewing all policies, procedures, agreements, announcements, and any new services or products to ensure the availability of the necessary controls to avoid risks arising from non-compliance.

In 2022, through SIB's internal audit department, we constantly investigated multiple areas of our operations for non-compliance and risks related to corruption. Through this comprehensive risk assessment, significant risk areas were identified including operations involving procurement, third-party relationships, and government relations.

SIB educates employees on compliance issues and prepares written instructions in this regard. The Compliance Department provides advice and guidance to the executive management on applicable laws, regulations and standards and any amendments to them.

Out of the investigations. None of the of the non-compliance cases were flagged for corruption.





Environmental Leadership

Environmental Leadership

Energy and Climate Change

At Safwa Islamic Bank, we recognize the critical role that the financial sector plays in addressing the global challenge of climate change. In this section of our Sustainability Report, we provide a comprehensive overview of our energy consumption, greenhouse gas emissions, and ongoing efforts to mitigate climate change. We are committed to reducing our environmental footprint and fostering a more sustainable future.

This section presents a wide range of topics related to our energy and climate change initiatives according to our internal targets and the GRI framework.

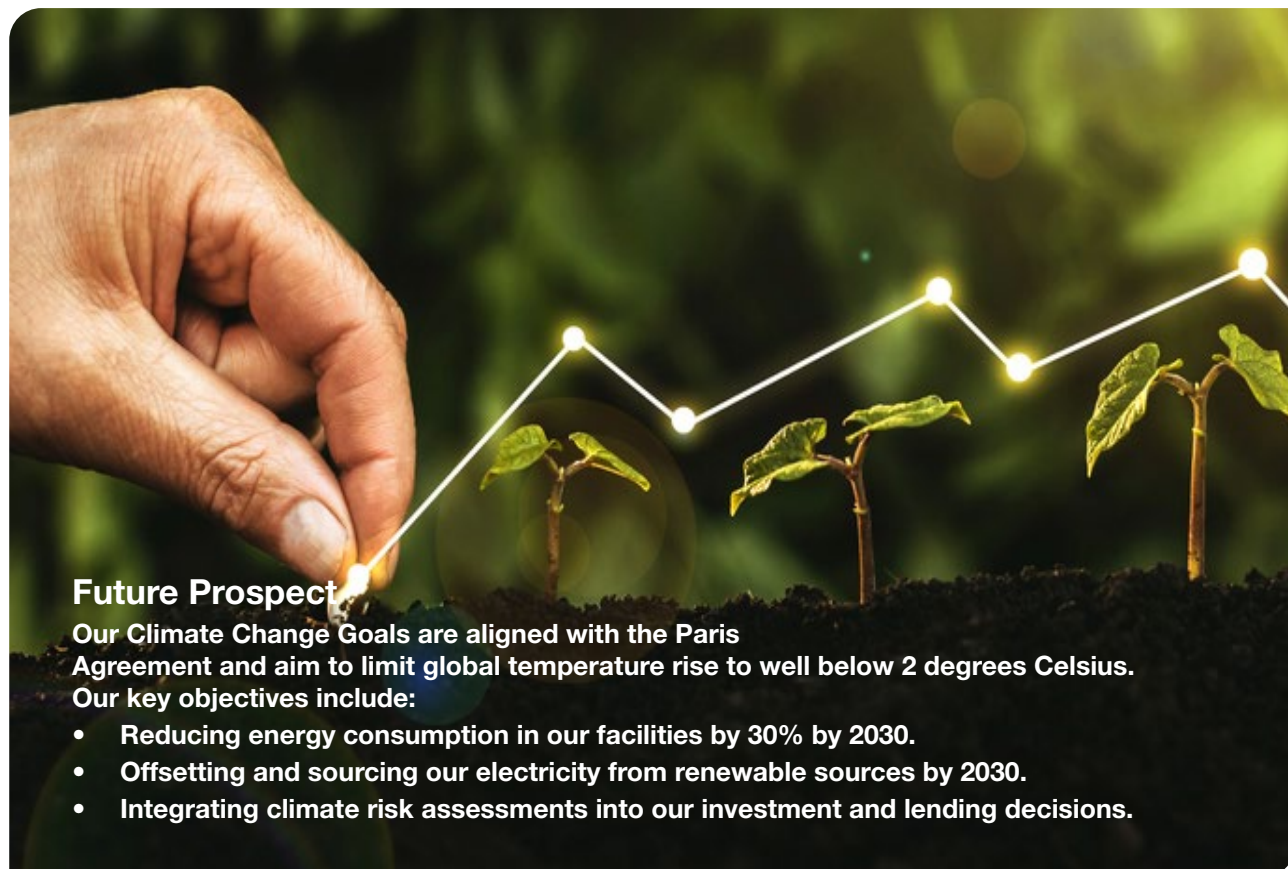
Climate Change Goals

We are dedicated to addressing climate change by setting ambitious targets for reducing our greenhouse gas emissions and promoting sustainable practices throughout our operations.

SIB is working on the reduction of the environmental footprint of its operation by the dependance on renewable energy in its operation and reducing its material use within SIB. During 2022, the reduction of CO2 emissions is estimated at 828.6 ton as a result of the use of renewable energy wheeling project to the grid.

The table below presents SIB's energy profile and emissions intensity.

INDIRECT ENERGY USE	2022
Electricity	
Electricity Consumption from Conventional hydrocarbons resources (kWh)	1,386,494
Electricity Consumption from renewable resources (kWh)	1,807,184
Total Electricity Consumption (kWh)	3,193,678
Electricity Consumption (GJ)	11,497
Percentage of Electricity consumption from Renewable Resources	56.59%
Heating & Cooling	
Cooling Electricity Consumption (kWh)	41583
Cooling Electricity (GJ)	149.7



INDIRECT ENERGY USE	2022
Heating Diesel (Litre)	48,732
Heating Diesel (GJ)	1608
Total Electricity Consumption (kWh)	3,235,262
Percentage Total Electricity consumption from Renewable Resources	55.85%
Electricity Consumption (GJ)	11,646
TOTAL INDIRECT ENERGY USE (GJ)	13,255
Intensity	
Electricity Consumption per Employee (kWh/employee) *1	4,675
Area (M2)	18,308
Electricity per Area (kWh) / Area (M2)	176

	Total consumption (kWh)	Hydrocarbons (kWh)	Renewable (kWh)
Estimated	93,218	65,218	28,000
Measured	3,100,460	1,321,276	1,779,184
Total Electricity	3,193,678	1,386,494	1,807,184

Energy Consumption Within SIB

Safwa Islamic Bank energy consumption consist of electricity, diesel and gasoline.

Scope 1 of Safwa Islamic Bank consist of the diesel and gasoline for SIB fleet, and the diesel utilized by the electricity generators at the facilities. The electricity generators didn't operate during the reporting period.

SIB vehicle fleet consist of 7 vehicles. One vehicle operates on diesel engine while two vehicles operate on gasoline hybrid engine and the remaining fleet operate on gasoline. SIB hybrid vehicles are obtained during 2022 and the selection of the hybrid engine vehicles came as part of our commitment to use more efficient and cleaner vehicles. SIB tracks the consumption of its fleet and monitor the distance commuted by the vehicle fleet in its effort to reduce the consumption of energy and the reduction of GHG emitted to the atmosphere.

Energy Consumption Outside of the Organization

SIB branches and Jabal Amman building use electricity to provide heating and cooling for the facilities, while the headquarter in Abdali purchase heating and cooling from third party.

Scope 2 of Safwa Islamic Bank consist of the Electricity purchased from the electricity company and the cooling, heating purchased from the third party at boulevard district. The purchased cooling is generated using electricity, and the heating is generated using diesel.

SIB utilizes renewable energy by installing photovoltaic solar system. SIB installed one MW PV system during 2020. SIB continues its effort in reliance on renewable energy as a primary source of energy for SIB operations.

During July 2022 SIB has contracted to increase the capacity of the photovoltaic System from 1033.6 Kilowatt up to 1131 Kilowatt. In its effort to increase the dependency and reduce the environmental impact of its operations.



SIB has achieved a %55.85 dependency on renewable energy in its total electricity consumption throughout its offices and branches, the dependency rate on renewable energy when it's measured relative to the electricity purchased from the electricity company is %56.59. The Photovoltaic solar system has resulted in JOD 515,047 savings.

Scope 1 and Scope 2 Emissions

Safwa Islamic Bank reports the following Scope 1 direct emissions for 2022:

1. GHG Emissions from Diesel Consumption
2. GHG Emissions from Gasoline Consumption

Safwa Islamic Bank reports the following Scope 2 indirect emissions for 2022:

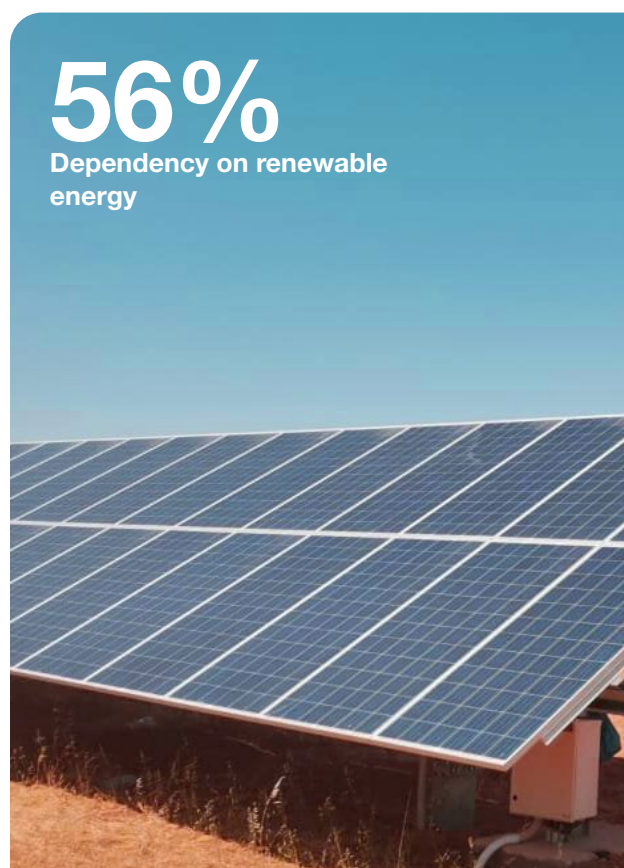
1. GHG Emissions from Electricity Consumption
2. GHG Emissions from Heating (Diesel)
3. GHG Emissions from Cooling (kWh)

Safwa Islamic Bank does not track Scope 3 GHG Emissions.

The below table shows a summary of scope 1 and 2 emissions for SIB during the year 2022.

GHG Emissions (Ton Co2)	2022
Scope 1	
GHG Emissions from Diesel Consumption	6.32
GHG Emissions from Gasoline Consumption	26.25
Scope 1 Total Emissions	32.57
Diesel and gasoline Fleet GHG Emissions (gm/Km)	532.1
Scope 2 (Location Based)	
GHG Emissions from Electricity Consumption	1464.3
GHG Emissions from Heating (Diesel)	130.46

GHG Emissions (Ton Co2)	2022
GHG Emissions from cooling (kWh)	19.07
Scope 2 Total Emissions	1613.83
Scope 3	
Safwa Islamic Bank Doesn't Track Scope 3 GHG Emissions	
Total GHG Emissions	1645.57
Total GHG Emissions Per Employee (ton CO2/ employee)	2.38
Net GHG emissions from Operations	816.97
Net GHG Emissions Per Employee (ton CO2/ employee)	1.18



Energy Solutions and Digital Innovation

An agreement was signed with the Ministry of Energy and Mineral Resources / the Fund for the Promotion of Renewable Energy and Energy Rationalization, according to which customers may obtain support from the Energy Fund for the solar cell system for solar heaters, in the event that they wanted to purchase renewable energy systems and or if they would like to opt for energy rationalization and efficiency. The fund subsidizes 30% of the value of the system within the overall specified limits.

Reduction of Energy Consumption

This is the first-time reporting and the data for the year 2022 will be used as a baseline for future reporting and reduction actions taken by SIB.

Reduction in Energy Requirements of Our Products

To achieve a reduction in energy requirements for our products and services, our bank has implemented several initiatives, which include:

- **Digital Banking Services:** We have expanded our digital banking services, enabling customers to perform transactions online or through mobile applications. This reduces the need for in-person branch visits and consequently lowers the energy consumption associated with physical banking operations.
- **Paperless Transactions:** We encourage customers to opt for paperless transactions, such as e-statements and mobile notifications, which reduce the energy consumption associated with printing and mailing physical documents.

Resource Efficiency and Waste Management

A discussion on SIB's efforts to reduce resource consumption and waste generation, including recycling and paperless initiatives.

The waste generated by Safwa Islamic Bank is domestic waste in addition to paper waste, Safwa Islamic Bank recycle all its paper waste with accredited service provider. The domestic waste is disposed according to the local municipality regulations.

Materials' Management

Our bank is committed to managing materials and waste responsibly, thereby reducing our environmental impact and enhancing resource efficiency. We have implemented the following strategies and measures:

- **Waste Reduction and Recycling:** We have established waste reduction and recycling programs across our operations, focusing on paper, plastics, and electronic waste. By promoting paperless transactions, using recycled paper products, and encouraging employees to recycle, we have significantly reduced our waste generation.
- **Efficient Use of Resources:** We continuously monitor and optimize our resource consumption, investing in energy-efficient equipment and technology, and implementing resource-saving measures such as motion sensors for lighting.

Future Prospect

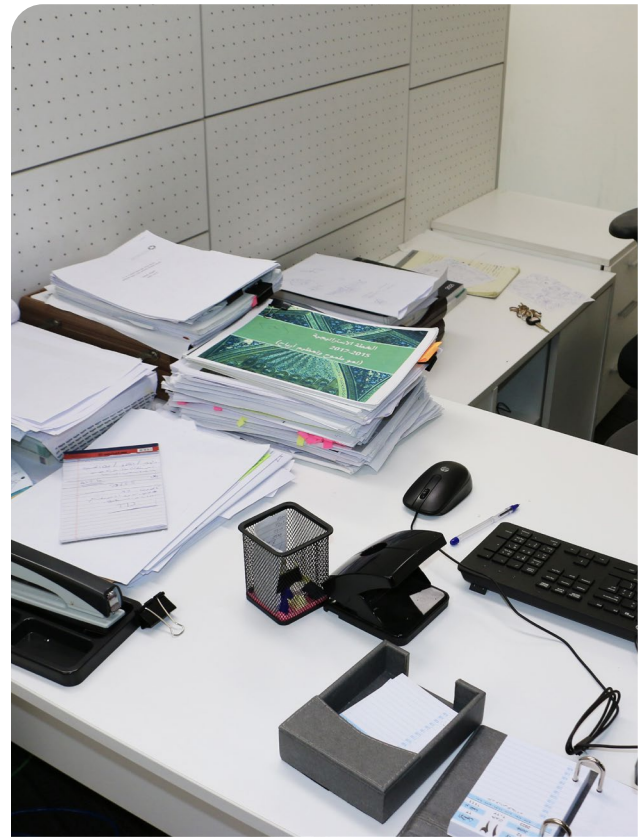
We are further planning on incorporating responsible procurement practices in our approach for sustainably managing materials. This will tackle prioritizing environmentally friendly and sustainably sourced materials in procurement processes, ensuring that suppliers adhere to strict environmental and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

- **Waste Generation:** We have begun registering a volumes of specific types of waste generated across our operations, including paper.
- **Significant Waste-Related Impacts and metrics:** We disclose any significant waste-related impacts with the target of tracking waste reduced to track progress and demonstrate our commitment to continuous improvement.
- **Waste Management Strategies:** We outline our waste management strategies, including waste reduction initiatives, recycling programs, and efficient use of resources.
- **Performance Metrics:** We report on key performance indicators related to waste management, such as recycling amounts.

Our bank's focus on resource efficiency and waste management, particularly in the area of materials management, reflects our dedication to minimizing our environmental impact and promoting sustainable business practices. By adhering to GRI reporting standards and implementing strategies to reduce waste generation and manage waste responsibly, we contribute to the global sustainability agenda and demonstrate our commitment to a greener, more sustainable future.

Waste Disposal

- **Waste Disposal Methods:** We employ various waste disposal methods, such as recycling, to ensure that our waste is managed responsibly and in accordance with relevant regulations.
- **Waste Segregation:** Our bank promotes waste segregation at the source, encouraging employees to separate paper waste for recycling. This practice facilitates the efficient disposal and recycling of waste materials.
- **Third-Party Waste Management:** We collaborate with certified waste management partners to ensure the proper disposal of waste materials. These partnerships help us comply with waste disposal regulations and minimize the environmental impact of our operations.
- **Employee Training and Awareness:** Our bank offers training and awareness programs for employees to ensure they understand the importance of responsible waste disposal practices and adhere to our waste management policies.



Water Resource Management

Safwa Islamic Bank is a service provider. Therefore, SIB's interaction with water is limited. The Water consumption of SIB is mainly for employee's usage and cleaning purposes. Water is provided by the water authority and water service provider. The effluent generated at SIB location is domestic wastewater and it's discharged through the municipality sewage system without any requirements for pre-treatment as its domestic wastewater.

	2022
Utility water Consumption (M ³)	6203
Area (M ²)	18308
Utility Water consumption per Area (M ³ /M ²)	0.34
Number of permanent employees	692
Utility Water consumption per employee	8.95

Water consumption is combination of measured values with estimated values for areas where SIB is not responsible for the management of the water.



Social Responsibility

Social Responsibility

Employee Wellbeing and Development

In compliance with GRI 2-16, our bank discloses critical concerns Identified, the communication process for sharing them as well as the measures taken.

1. Critical Concerns Identified: During the reporting period, the Risk Management Committee identified a total of 8 critical concerns, which included External fraud, Errors in cash deposits, System malfunction, Objections on credit card movements, fake applications, and pages on social media.
2. Communication Process: critical concerns were communicated through branch managers, internal communication channels as well as the call center. Concerns were passed to compliance, IT, Risk Management, and the Internal Audit departments and the results of their cases was included in dedicated quarterly reports submitted to the board.
3. Measures Taken: All reported concerns were solved during the reporting period through a number of approaches which are deemed confidential. Additionally, all critical concerns emerged in SIB were communicated with the board of directors through a quarterly report that is issued by the risk management committee.

Mechanisms for seeking advice and raising concerns.

SIB is committed to fostering a culture of transparency, open communication, and accountability. We have established multiple channels for employees to seek guidance and report concerns regarding policies, procedures, and ethical conduct. This disclosure outlines bank's approach to facilitating advice-seeking and whistleblowing, ensuring a supportive work environment that upholds our core values and principles.

Mechanisms for Seeking Advice

1. Quality Department Support: Employees seeking guidance or clarification on policies and procedures can reach out to the Quality Department, which is responsible for addressing inquiries and providing necessary support.
2. Managerial Communication: SIB encourages open communication between employees and their managers, promoting a dialogue that fosters understanding and adherence to our bank's policies and procedures.
3. Responsible Business Training: SIB provides employees with regular training on conducting responsible business, ensuring they are well-informed about our bank's policies, procedures, and ethical expectations.

Mechanisms for Raising Concerns

1. Whistleblowing Policy: Our bank has implemented a comprehensive whistleblowing policy that encourages employees to report potential violations, illegal activities, or unethical behaviour. This policy ensures that all concerns are treated seriously and that employees feel comfortable raising issues without fear of reprisal.
2. Internal Complaint Team: Our bank has established an internal complaint team responsible for investigating and addressing employee concerns. This unit operates independently, ensuring impartiality and confidentiality in handling reported issues.
3. Direct Managerial Communication: In addition to the whistleblowing policy and the internal complaint unit, employees are encouraged to raise concerns directly with their managers, fostering an environment of trust and open dialogue.

Employment and Labor Management

The Human Capital department is responsible for appointing employees to suitable jobs based on their qualifications and work requirements. The department also monitors and evaluates employee's performance on a semiannual basis and provides ongoing training to raise their competencies. SIB invests in its employees and attracts the best Jordanian talents. SIB offers various benefits to its full-time employees, such as social security, health care, annual leave, and bonuses.

SIB values the importance of the strategic role played by the human element at Safwa Islamic Bank and the direct contribution it makes towards achieving SIB's strategic objectives. Therefore, SIB is keen on developing the capabilities and skills of its employees to keep up with technological development in supporting, developing, and facilitating the training process. SIB also developed specialized training materials by designing educational videos and uploading them to the electronic training platform and established a medical clinic within the Headquarters building to offer employees with immediate medical check-ups.

The total number of SIB's employees has increased by 5.6% from 2021 to 2022 by which the male employees form 66% of the total number of employees as reported in 2022 with female retention rates higher outside of the capital city due to a number of social and economic constraints imposed by the surrounding community and the existing infrastructure.

The Number of female employees increased by 7% from the previous year.

In 2021, Safwa Islamic Bank hired 73 new employees and experienced 43 resignations, resulting in a turnover rate of 4.8%. In 2022, SIB hired 99 new employees and had 59 resignations, leading to a turnover rate of 8.7%. These rates are within the normal average for the banking sector, reflecting a stable organizational structure, competitive opportunities, and employee satisfaction. SIB increased the number of male employees by 8 in 2021 and 22 in 2022, while female employees increased by 22 in 2021 and 15 in 2022, demonstrating a commitment to gender diversity.

Safwa Islamic Bank offers the following benefits to full-time employees:

1. Social Security and Retirement (14.25% of the employee's salary paid by SIB covering retirement ages of 60 for men and 55 for women, in accordance with the SSC law)
2. Health Care (for the employee and their family)
3. Annual Leave (14 days and 21 after 5 years of service.)
4. Bonuses and Increments (Guaranteed Bonus of 4 months salary/year, performance bonus, and salary review). These benefits demonstrate SIB's investment in developing its human resources and retaining competent, qualified employees.
5. Annual performance bonus.

Safwa Islamic Bank had 94% of returning to work rate every year during the last three years in terms of female employees who took maternity leave, also, SIB had 100% employee's retention rate after returning to work during 2020, 2021 and 2022 recording the same rate each year. SIB had 100% return to work rate for the male employees who took parental leave during 2020, 2021, 2022 noting that the Jordanian labor law provides substantially lower parental leave days for male employees.

SIB employs a third-party company to provide security services. Security personnel operate at each of SIB branches and HQs. The security personnel provided by the third-party are retired law enforcement and military personnel. The level of training and the quality provided to law enforcement provide the security personnel with adequate experience in providing security service and interaction with SIB customers.

Proportion of senior management hired from the local community

100% of our senior management at branches outside of Amman are hired from the local community surrounding the area of operation, demonstrating our commitment to supporting local talent and economy. Additionally,

overall recruitment of people from outside local communities does not exceed 10% in governorates outside of the capital.

We recognize the importance of supporting the local community and strive to develop local talent. To demonstrate our commitment to hiring locally, 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.

In line with our commitment to the local community and promoting equal opportunities, 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.

Occupational Health and Safety System

Admin and support services department at Safwa Islamic Bank applies management and support policy as part of the occupational health and safety system as well as safety policy to all bank departments. SIB implements these policies, covering all employees in SIB, to enhance the quality of the service provided to the customers and clients and create safe work environment through strict administrative and operational control system and safety procedures to prevent pollution, accidents and damage. SIB follows clause number 85 in the labor law stating that the organization should provide a safe working place and precautionous plan for fire safety, occupational health and safety management, first aid and emergency facilities.

Safwa Islamic Bank identifies the possible future events, then evaluates the risk for the identified hazards as per the risk assessment procedures applied, thereafter, modify and update the risk register.

Safwa Islamic Bank implements health and safety policy. SIB provides regular inspection to the fire detection system and extinguishers number and usage every 6 months as well as non-smoking warning signs inside the workplace. SIB inspects the water hoses and pumps availability and usage. SIB provides regular maintenance and cleaning to the workplace during holidays and off time.

Safwa Islamic Bank provides training to newly hired employees regarding first aid and evacuation procedure in case of fire, security risks protests and natural disaster. Last training session was held on 13.12.2022. SIB provides training as per the Management and Service policy and procedure manual.

Safwa Islamic Bank provides special facilities to employees and clients with special needs, including slope tracks and special parking lots in 17 branches across Jordan. In case of special conditions (pregnancy, injuries, health problems) that limit the ability of the employee to access SIB facilities, the human resources department provides them with special parking lot closest to the entrance and exist to the facilities and therefore, ease the accessibility for these special conditions. In addition, the Human Capital Department provides support to employees with severe health conditions. These employees are allocated for suitable working tasks and permitted with flexible working time schedule and attendance given the option to work from home. No mistreatment cases recorded for any employee in terms of OHS requirements.

Safwa Islamic Bank provides health care promotion through providing health insurance to employees covering treatment outside and inside hospitals. In addition, Safwa Islamic Bank provides health care promotion to his employees through providing free vaccine (e.g COVID) and common illness medicines; blood pressure and diabetes.

Occupational Health and Safety Coverage

Safwa Islamic Bank applies the occupational health and safety standards to all employees as per labor law number 85 (refer to [page 45](#)).

Safwa Islamic Bank has a negligible number of work-related injuries and illness recorded during the years 2022 ,2021 ,2020. This indicates that the work environment in SIB is not risky in terms of health and safety as well as the occupational health and safety

management implementation acquired by the admin and support services department.

Employee Development

Safwa bank provided 18,700 average training hours per year for all employees with an average of 27.6 average hour per each employee during 2022. The bank provided 12,274 and 5,977 total average hours per year to male and female employees respectively during 2022. The average training hours for each male and female employee is 28.3 and 26.3 respectively. The bank provided 11067/3625/2548/1307/152 average training hours per year in top management, senior management, middle management, team leaders and technical support respectively. The average training hours per each employee in top management, senior management, middle management, team leaders and technical support is 26.8/28.8/28/25.6/10.9 respectively. This indicates that the bank provides equal development opportunities for the male and female employees but not for the different management categories.

Safwa Islamic Bank provides a variety of training programs to develop its employees' skills from all bank departments and equips them to meet the strategic targets acquired by SIB. SIB aims to prepare more skilled employees to enhance their human capital and contribute to employee satisfaction.

The following table presents some of the technical training programs delivered and their scope as provided to SIB's employees during 2022.

Training Program	Scope	Number of Courses
Islamic financial provisions	Develop employee's knowledge in terms of financial Islamic provisions to prevent violation of Islamic provisions	4
Polices, laws and work procedures	Develop employee's commitment to the laws and policies and enhance their working skills as per the best practice	4
Management and behavior skills	Develop the employee's management skills to achieve SIB's goals and enhance their skills to provide a prepare competent employees are able to complete the work professionally.	12
Customer service best practice	Develop employee's skills in the customer service and professional treatment providing the most suitable interactions in terms of customer complaints.	4
Banking Services	Develop employee's knowledge each in his/her specific work category to enhance the competency and performance.	74
Capacity development and building programs for new employees	Enable employees to know their specialized fields of work and to know the latest developments and developments in their work, in a way that increases efficiency and effectiveness in carrying out their various work.	3
Specialized professional certificates	Qualifying employees, empowering their knowledge and enhancing their skills by obtaining specialized professional certificates.	13
Conferences and seminars	Attending a number of conferences and seminars.	44



Safwa Islamic Bank conducts regular performance review and provides development plan for all male and female employees. The performance review to the employees is acquired semi-yearly in order to evaluate his/her performance and achievements of the required tasks during the reviewed period. SIB decides the yearly awards and promotions according to the employee's performance review results. This indicates that SIB aims to motivate his employees to enhance their performance and increase their satisfaction where that would collate with SIBs overall performance and competency leading to improving SIB's trust with his costumers.

Diversity

Safwa Islamic Bank has 7% women to 93% men in top management, 16% of women to 84% men in senior management, 27% of women to 73% men in middle management, 20% women to 80% men of team leaders and 43% of women to 57% of men in the technical and support department. SIB has 57% aged (50-30) in top management, 67% in senior management, 93% in middle management, 88% of team leaders and 46% 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 more equal opportunities

of advancement and recruitment in low management levels.

Customer Privacy and Product Labelling

A discussion on SIB's efforts to protect customer privacy and ensure data security, including its adherence to relevant laws and regulations.

Customer Privacy

Safwa Islamic Bank is committed to protect the customer's privacy and secure their data. SIB implements robust management system and procedures and utilize the best practices in the industry to safeguard the customer information. SIB provides secure processes for data collection and transfer when dealing with the customers while ensuring the safety and confidentiality of their information.

Our bank is committed to ensuring the security and privacy of our client's information, especially when providing electronic services. We adhere to the highest global standards for cybersecurity and data protection, safeguarding our clients from potential risks associated with using e-services. This disclosure highlights our [Client Security Awareness Guide](#), which outlines key guidelines and best practices for our clients to protect their data and prevent fraud.

The Client Security Awareness Guide provides important information and guidance on:

1. Maintaining the confidentiality of banking information.
2. Protecting credit card information.
3. Security guidelines for e-service passwords.
4. Recognizing and avoiding various electronic fraud threats.
5. Safe banking practices via the internet and mobile devices.
6. Protection against ATM fraud schemes.
7. Safe e-shopping practices.

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.

There are no records of any identified leaks, thefts, or losses of customer data. As of year end, one complaint related to breach of customer privacy and losses of customer data and one internal case related to the management of client data were registered. Both had no influence on SIB's compliance to SIB's governance or data security policies and were fully resolved.



Community Support and Development

Social Impact

Safwa Islamic Bank does not develop social neither environmental impact assessments. SIB launches several initiatives for the benefit of local communities in different sectors: education, poverty mitigation, sports and culture. SIB aims to increase awareness regarding financial banking and inclusion and many others during 2022 as in the table to the left. This indicates that SIB provides support in a separate process to the local communities in purpose of mitigating and minimizing the negative impact on vulnerable groups fulfilling the performance standards on environmental and social sustainability.

Safwa Islamic Bank does not apply social impact assessment to its operations and services. Therefore, no records are made for any negative social impact through our services and operations.

Implemented Initiatives

During the year 2022, SIB continued to provide financial and moral support to community initiatives, based on its keenness to participate in the development and advancement of the local community in all its forms. SIB made significant financial contributions during this exceptional year, which required us to stand side by side with the public sector and support it by all possible means.

Sector	Intervention	Reference Projects
Education	SIB's provides scholarships, universities development and construction as initiatives supporting the local community	AlHussein Technical University (scholarship for third year students) Mutah University (Class rooms rehabilitation)
Charity	SIB's provide initiatives fighting poverty and support poor families with fundamental life requirements	Iftar Ramadan for poor families registered at community development unit Support Tkiyet Um Ali
Sports and Youth	SIB's provides initiatives supporting talented young individuals in different sports	Support Mohammad Khateeb in the bow and arrow competition Support international women team pegs catch in Petra city
Finance	SIB's provides initiatives supporting financial inclusion and awareness on financial culture	Support financial banking culture project Support international policies forum (financial inclusion)
Environment	SIB's provides initiatives supporting the environmental protection and climate change mitigation	Support planting company to prevent desertification
Health	SIB's provides initiatives supporting the staff working in the health and medicine sector and supporting sever illness treatment	Financial support for the vital operations at king Hussein cancer centre

Examples of the contributions made by Safwa Islamic Bank to serve the local community include:

1. Educational and religious initiatives

- Scholarships for two students from Al-Hussein Technical University for the third and fourth years. Supporting Mutah University to re-equip a student hall in the Deanship of Student Affairs.
- 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.
- Supporting a Ramadan breakfast for a ceremony honoring nurses, in cooperation with the Syndicate of Nurses and Midwives.
- Implementing the Ramadan campaign "Distributing Dates and Water" at Iftar time in various regions of the Kingdom, in coordination and cooperation with the Traffic Department.
- Supporting a Ramadan breakfast for a ceremony honoring nurses, in cooperation with the Syndicate of Nurses and Midwives.
- Implementing the Ramadan campaign "Distributing Dates and Water" at Iftar time in various regions of the Kingdom, in coordination and cooperation with the Traffic Department.
- Participation of SIB's employees as guests of Tkiyet Um Ali at the Rahman tables during their iftar during the holy month of Ramadan.
- Distributing food parcels to chaste families during the holy month of Ramadan, in cooperation with the Ministry of Social Development.
- Supporting a ceremony for the birth of the Prophet, in cooperation with the Ahbaa Charitable Association.
- Supporting a training course for those about to get married, in cooperation with the Supreme Judge Department.
- Supporting the project of spreading community financial culture in cooperation with the Central Bank of Jordan.
- Support for the book "The Old Houses in Jordan and Their Stories".
- Supporting the book "Jordanian Banks in a Hundred Years of the State's March" in cooperation with the Jordanian Royal Hashemite Documentation Center.
- 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.
- Support for the book "Administrative Judiciary in Administrative Courts in Egypt and Jordan".
- Supporting the Journal of Human Knowledge System in cooperation with the Islamic Studies and Research Association.
- Sponsoring the third international conference of the College of Business at Al al-Bayt University under the title "Leadership and Money Technology in the Digital Business Environment".
- Sponsoring the "Corona Pandemic: Its Effects and Recovery Strategies" conference, jointly organized by Zarqa University and the Palestinian An-Najah University.

2. Humanitarian and health initiatives

- Supporting the naming and honoring program for naming the vital signs examination room in the Sheikh Khalifa bin Zayed Al Nahyan building at the King Hussein Cancer Center and covering the center's infrastructure, devices and equipment.
- Signing an agreement with Tkiyet Um Ali to support the programs and activities of the association by distributing food parcels on a monthly basis.
- Sponsoring the scientific activity of the Jordanian Authority for Orofacial Pain and Disorders in cooperation with the Jordanian Dental Association.
- SIB's support and participation in the winterization initiative, which included the distribution of heaters, fuel coupons and blankets to chaste families in preparation for the winter season, in cooperation with the Jordanian Hashemite Charity Organization.
- Supporting the Jordan Love Program for youth leaders in cooperation with For Jordan Training Company. Supporting the Global Policy Forum in cooperation with the Association of Banks in Jordan.
- Golden sponsorship for the first guide me conference entitled "Between the Entrepreneur and the Businessman" by organizing the Palestinian-Jordanian Business Forum.
- Organizing a medical and awareness campaign to raise awareness about breast cancer in the General Administration building during the month of October.



- Annual support for the Jordanian Medical Aid Society for Palestinians for the year 2022.
- Sponsorship of the medical day of the Jordanian Pediatric Dental Society in cooperation with the Jordanian Dental Association.
- SIB's support and participation in the "Dafa" winter campaign to distribute a number of heaters, blankets and kerosene vouchers to a number of needy families benefiting from the services of Tkiyet Um Ali.

3. Sports support initiatives

- sponsoring contestant Yazan Qattan in the 2022 Jordan Speed Racing Championship. Supporting colleague Mohammed Al-Khatib in the 2nd Jordan Bow and Arrow Championship 2022. Supporting the International Women's Peg Picking Championship in Petra in cooperation with the Public Security Directorate.
- Supporting the "Winter of Goodness" initiative to distribute 1,000 parcels in cooperation with Tkiyet Um Ali.
- Sponsorship of bow and arrow players to represent Jordan in the 2022 Asian Cup for Bow and Arrow.

4. 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.

5. Support for women and children

- Donating school bags for hearing impaired children in cooperation with Prince Ali Bin Al Hussein Club for the Deaf.
- Donation for orphans registered with the Sakinah Charity Association for Social Support.

6. Supporting national initiatives and conferences

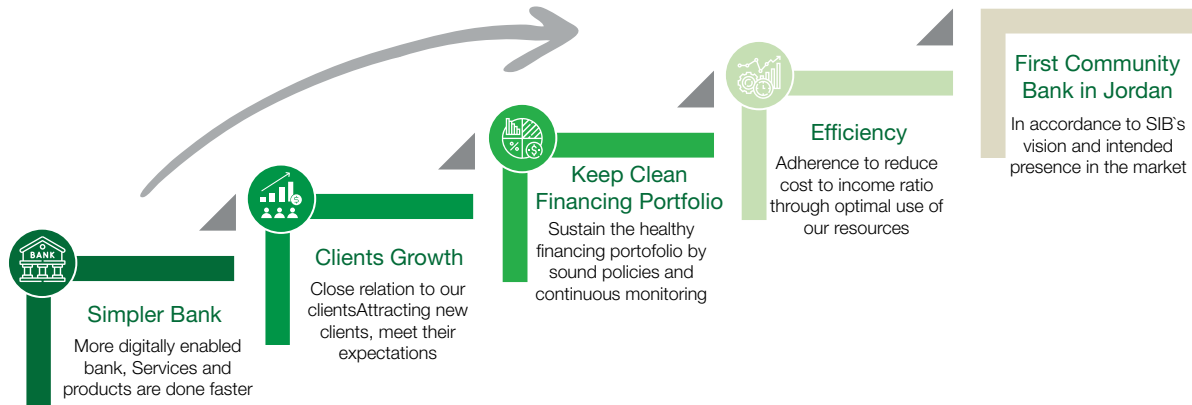
- Platinum sponsorship for the first national youth dialogue conference at the Dead Sea, organized by the Jordanian Senate.
- Sponsoring the dialogue session "Monetary Policy in Jordan in Light of Current International Developments" in cooperation with the Jordanian Strategies Forum.
- Platinum sponsorship of the Jordan Fintech Conference and Exhibition, organized by SOFEX.
- Sponsoring the Jordan Gate International Housing and Building Exhibition for the year 2022.





Future Outlook: A Vision for Sustainable, Fair, and Responsible Banking

Future Outlook: A Vision for Sustainable, Fair, and Responsible Banking



Soon to become the first community bank in the Kingdom, Safwa Islamic Bank is committed to fostering fair and responsible banking practices. Our vision is to continue building a strong foundation for our customers, the economy, and society. We believe that our success is intrinsically linked to the success of our customers and the communities we serve.

Our approach is centered on cultivating deep-rooted relationships with all segments of the Jordanian society. We strive to create a banking culture that prioritizes the needs of our customers, exceeding their expectations

and aspirations. As we look to the future, we remain dedicated to enhancing our services and creating an even more positive impact on the lives of our clients and the communities we serve.

Safwa Islamic Bank's future outlook is driven by our commitment to responsible, sustainable banking practices that foster long-term growth and prosperity for all. By remaining steadfast in our core values, we aim to further strengthen our position as a leading community bank and contribute to a brighter, more equitable future for the Kingdom.

Our future strategy revolves around the following main pillars.



Unbeatable Customer Service

SIB strives to provide high quality services and innovative products



Digital Evolution

Applying digital technologies to renew the way business is done and create and deliver new value



The Efficiency and Effectiveness

Implementation of business through a cohesive team that works in one spirit with the best solutions, at the lowest costs



Accelerated Growth in All Sectors

Maintaining the pace of the ascending line aiming at a rounded growth in all sectors



Risk Management

Ensuring the application of the principles of the risk management plan, assessing risks and developing strategies to manage them



Annexes

Annexe 1: ESG Data

A. All Employees:

	2020	2021	2022
Total Number of Employees	628	658	695
Number of Employees by Gender	2020	2021	2022
Male	430	438	460
Female	198	220	235
Number of Employees by Governorate	2020	2021	2022
Amman	543	559	585
Irbid	29	37	37
Zarqa	15	21	26
Mafrq	0	0	7
Ajloun	0	0	0
Jerash	7	7	7
Madaba	8	8	7
Balqa	8	8	8
Karak	8	8	9
Tafleh	0	0	0
Maan	0	0	0
Aqaba	10	10	9

B. Permanent Employees:

	2020	2021	2022
Total Number of Permanent Employees	626	656	692
Number of Permanent Employees by Gender	2020	2021	2022
Male	428	436	457
Female	198	220	235
Number of Permanent Employees by Governorate	2020	2021	2022
Amman	541	557	582
Irbid	29	37	37
Zarqa	15	21	26
Mafraq	0	0	7
Ajloun	0	0	0
Jerash	7	7	7
Madaba	8	8	7
Balqa	8	8	8
Karak	8	8	9
Tafileh	0	0	0
Maan	0	0	0
Aqaba	10	10	9

C. Temporary Employees:

	2020	2021	2022
Total Number of Temporary Employees	2	2	2
Number of Temporary Employees by Gender	2020	2021	2022
Male	2	2	3
Female	0	0	0
Number of Temporary Employees by Governorate	2020	2021	2022
Amman	2	2	3

D. Fulltime Employees

	2020	2021	2022
Total Number of Employees	628	658	695
Number of Employees by Gender	2020	2021	2022
Male	430	438	460
Female	198	220	235
Number of Employees by Governorate	2020	2021	2022
Amman	541	557	582
Irbid	29	37	37
Zarqa	15	21	26
Mafraq	0	0	7
Ajloun	0	0	0
Jerash	7	7	7
Madaba	8	8	7
Balqa	8	8	8
Karak	8	8	9
Tafleh	0	0	0
Maan	0	0	0
Aqaba	10	10	9

E. Workers who are not employees:

	2020	2021	2022
Number of Workers who are not Employees	32	32	46

Number of Employees by Category (Top Management)	2022
Male	13
Female	1
Age (Under 30)	0
Age (50-30)	8
Age (Over 50)	6
Number of Employees by Category (Senior Management)	2022
Male	43
Female	8
Age (Under 30)	0
Age (50-30)	34
Age (Over 50)	17
Number of Employees by Category (Middle Management)	2022
Male	67
Female	24
Age (Under 30)	1
Age (50-30)	85
Age (Over 50)	5
Number of Employees by Category (Team Leader)	2022
Male	100
Female	26
Age (Under 30)	14
Age (50-30)	111
Age (Over 50)	1

Number of Employees by Category			2022
Male			236
Female			176
Age (Under 30)			216
Age (50-30)			191
Age (Over 50)			5
	2020	2021	2022
Total number of new employees hired	46	73	99
	2020	2021	2022
Total Number of Employees	628	658	695
Number of Employees by Gender			
	2020	2021	2022
Male	430	438	460
Female	198	220	235
Number of Employees by Governorate			
	2020	2021	2022
Amman	543	559	585
Irbid	29	37	37
Zarqa	15	21	26
Mafraq	0	0	7
Ajloun	0	0	0
Jerash	7	7	7
Madaba	8	8	7
Balqa	8	8	8
Karak	8	8	9
Tafleeh	0	0	0
Maan	0	0	0
Aqaba	10	10	9

Employee Turnover Rate:

- For 2020: $(31 / 628) \times 100 = 4.94\%$
- For 2021: $(43 / 658) \times 100 = 6.53\%$
- For 2022: $(59 / 695) \times 100 = 8.49\%$

Total number of employees that took parental leave, by gender	2020	2021	2022
Male	20	51	52
Female	17	30	36

Total number of employees that returned to work after parental leave, by gender.	2020	2021	2022
Male	NA	NA	NA
Female	16	28	34
Return to work rate	%94.1	%93.3	%94.4

Total number of employees returned after parental leave and stayed employed for 12 months	2020	2021	2022
Male	NA	NA	NA
Female	16	28	32
Retention rate	%100	%100	%94.1

Annexe 2: Acronyms and Glossary

Acronym	
AML	Anti Money Laundering
BOD	Board of Directors
CEO	Chief Executive Officer
CFT	Counter Fraud and Terrorism
DIB	Dubai Islamic Bank
ERMF	Enterprise Risk Management Framework
ESG	Environment, Social and Governance
NRC	Nomination and Remuneration Committee
SDG	Sustainable Development Goals
SIB	Safwa Islamic Bank
SSC	Social Security Corporation
TCFD	Taskforce on Climate-related Financial Disclosures

Annexe 3: GRI index

GRI STANDARD	DISCLOSURE		Location	Omission		
				REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosure						
GRI 2: General Disclosures 2021	2-1	Organizational details	Page 7			
	2-2	Entities included in the organization's sustainability reporting	Page 4,7,42			
	2-3	Reporting period, frequency and contact point	Page 4			
	2-4	Restatements of information	There is no restatment as this is the first sustainability report			
	2-5	External assurance	There is no external assurance			
	2-6	Activities, value chain and other business relationships	Pages 8,9			
	2-7	Employees	Page 42			
	2-8	Workers who are not employees	Page 42			
	2-9	Governance structure and composition	Pages 13,14			
	2-10	Nomination and selection of the highest governance body	Pages 13,14			
	2-11	Chair of the highest governance body	Pages 13,14			
	2-12	Role of the highest governance body in overseeing the management of impacts	Pages 13,14			
	2-13	Delegation of responsibility for managing impacts	Pages 13,14,15			
	2-14	Role of the highest governance body in sustainability reporting	Pages 13,14,15			
	2-15	Conflicts of interest	Pages 16			
	2-16	Communication of critical concerns	Page 42			
	2-17	Collective knowledge of the highest governance body	Pages 23,24,25			
	2-18	Evaluation of the performance of the highest governance body	Page 15			
	2-19	Remuneration policies	Pages 16,17			
	2-20	Process to determine remuneration	Page 16			
	2-21	Annual total compensation ratio	can't be disclosed due to confidinintiality restraints			
	2-22	Statement on sustainable development strategy	Page 5			
	2-23	Policy commitments	Page 19			
	2-24	Embedding policy commitment	Page 19			
	2-25	Processes to remediate negative impacts	Pages 16,19			
	2-26	Mechanisms for seeking advice and raising concerns	Page 42			
	2-27	Compliance with laws and regulations	Pages 13-19			
	2-28	Membership associations	Page 9			

GRI STANDARD	DISCLOSURE		Location
GRI 2: General Disclosures			
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Pages 25-27
	2-30	Collective bargaining agreements	There are no collective bargaining agreements
GRI 3: Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 25
	3-2	List of material topics	Page 27
	3-3	Management of material topics	Page 28
GRI 200: Economy			
GRI 3: Material Topics 2021	3-3	Management of material topics	Pages 28,29
GRI 201: Economic Performance 2016	201-1		Page 30
	201-2		Pages 30,43
	201-3		Page 32
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 32
GRI 202: Market Presence 2016	202-1		Page 32
	202-2		Pages 32,43
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 30
GRI 203: Indirect Economic Impacts	203-1		Page 31
	203-2		Pages 31,32
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 33
GRI 204: Procurement Practices	204-1		Page 33
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 33
GRI 205: Anti-Corruption 2016	205-1		Pages 33,34
	205-2		Pages 33,34
	205-3		Pages 33,34

GRI STANDARD		DISCLOSURE	Location
Environment			
GRI 3: Material Topics 2021	3-3	Management of material topics	Pages 36,37
GRI 302: Energy 2016	302-1		Page 37
	302-2		Page 37
	302-3		Page 36
	302-4		Page 36
	302-5		Page 39
GRI 303: Water & Effluents 2018	303-1		Page 40
	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	
	303-3	Safwa bank purchase water from the water service provider, Safwa Bank doesn't withdraw water from any source	
	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	
	303-5	Safwa bank is a service provider, water is provided by water authority and service provider, water is not a material topic	
GRI 3: Material Topics 2021	3-3	Management of material topics	Pages 34,35
GRI 305: Emissions 2018	305-1		Page 38
	305-2		Page 38
	305-3		Page 38
	305-4		Page 36
	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 3: Material Topics 2021	3-3	Management of material topics	Pages 39,40
GRI 306: Waste 2020	306-1		Page 39
	306-2		Page 39
	306-4		Page 40
	306-5		Page 40
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 33
GRI 308: Supplier Environmental Assessment 2016	308-1	Safwa Islamic Bank doesn't use environmental criteria in its screening process of suppliers.	Pages 33,34
	308-2		Pages 33,34

GRI STANDARD		DISCLOSURE	Location
GRI 400: Social			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 42
GRI 401: Employment 2016	401-1		Pages 42,43
	401-2		Pages 42,43
	401-3		Page 43
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 43
GRI 403: Occupational Health and Safety 2018	403-1		Page 43
	403-2		Page 43
	403-3		Page 43
	403-5		Page 43,44
	403-6		Page 44
	403-8		Page 43
	403-9		Pages 44
	403-10		Page 44
GRI 3: Material Topics 2021	3-3	Management of material topics	Pages 42,44
GRI 404: Training and Education 2016	404-1		Page 44
	404-2		Page 44
	404-3		Page 44
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 42,45
GRI 405: Diversity and Equal Opportunity	405-1		Page 45
	405-2	Not disclosed due to confidentiality	
GRI 3: Material Topics 2021	3-3	Management of material topics	Pages 42,45
GRI 408: Child Labor 2016	408-1	Safwa Islamic Bank does not screen the suppliers who he deals 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.	
GRI 3: Material Topics 2021	3-3	Management of material topics	Pages 42,44
GRI 409: Forced or Compulsory Labor 2016	409-1	Safwa Islamic Bank does not screen the suppliers who he deals 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.	

GRI STANDARD		DISCLOSURE	Location
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 42
GRI 413: Local Communities 2016	413-1		Page 45
	413-2		Pages 46,47
GRI 3: Material Topics 2021	3-3	Management of material topics	
GRI 414: Supplier Social Assessment 2016	414-1	Safwa Islamic Bank does not apply social impact assessment to its operations and services. Therefore, SIB did not record any negative social impact through his services and operation and the social negative impacts could occur where further mentoring is required from SIB side to assess.	
	414-2		
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 32
GRI 415: Public Policy 2016	415-1		Page 32
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 45
GRI 418: Customer Privacy 2016	418-1		Page 45



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.

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