



بنك دبي الإسلامي
Dubai Islamic Bank

SUSTAINABILITY POLICY DOCUMENT



October 2024



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1. Introduction

- 1.1 At Dubai Islamic Bank (“DIB”) we believe that responsible business is good business. DIB believes we can build stronger teams, serve our customers better, have a positive impact on society, and manage our sustainability-related risks when we do the right thing. We have evaluated our longstanding business practices, tested them against stakeholder expectations and peers, and then began implementing a holistic 2030 sustainability strategy which will support us in achieving our goal of Net Zero emissions in our operations and creating long term value for our shareholders, customers, employees and wider stakeholders. Our commitment is aligned with the United Arab Emirates priorities and strategies for sustainability as well as the global United Nations Sustainability Development Goals (SDGs).
- 1.2 As a progressive Islamic financial institution, DIB is committed to the sustainable development of the UAE. We believe that we play an important role in leading by example, where we aim to be a role model in sustainable practices and behaviors that ensure a positive outcome for our stakeholders. As a bank we also have a responsibility and commitment towards financing a sustainable future, where we are embracing and driving sustainable finance solutions and empowering our customers and communities.

2. Purpose

- 2.1 The objective of this policy is to formalize our longstanding commitment and approach to creating a better tomorrow and harnessing the power of our reach to transition to a more sustainable economy by outlining our sustainability priorities, objectives and how DIB will achieve them.
- 2.2 This policy aims to:
- Establish a comprehensive framework for strategic planning, decision-making processes and integrating sustainability principles into DIB’s operations.
 - Foster a culture of responsible business practices, environmental stewardship, and social responsibility within DIB and its stakeholders.
 - Drive transparency, accountability, and continuous improvement in DIB’s sustainability performance through robust governance, stakeholder engagement, monitoring and reporting, mechanisms
- 2.3 In line with the HSA-CBUAE regulations, DIB tries to be part of the forefront of sustainability efforts in the financial sector building on the provisions of Sharia, whose purposes and objectives intersect with the sustainable development goals.

3. Scope

- 3.1 This Policy shall be applicable to members of the Board, all employees, members of the Internal Sharia Supervision Committee (ISSC), consultants and contractors of DIB who shall be subject to, and expected to comply with, the provisions of this Policy. This Policy shall also apply to group entities in accordance with the provisions of DIB's Subsidiaries & Affiliates Corporate Governance Framework.
- 3.2 If there appears to be a conflict between this Policy and local laws and regulations, or if there are questions regarding the interpretation of applicable laws or sections of the policy, the laws shall prevail to the extent they are not in conflict with the principles of Sharia in which case the principles of Sharia shall prevail.
- 3.3 This Policy is governed by the Bank's approved Policies, Processes and Procedures Management Framework.
- 3.4 This policy shall be read in conjunction with Group Outsourcing Policy, Procurement Policy, Contract Management Policy, Code of Conduct, Risk Management Framework, Consumer Protection, Education and Awareness Policy, Pillar 3 Disclosure Policy, Conduct Risk Policy, Risk Management Framework, Data Governance Framework Credit Policies Manual, Sustainable Financing Framework and Group Data Governance Policy.

4. Our Strategic Sustainability Commitments

4.1 Embrace Diversity and Inclusion

DIB recognize that having a diverse and inclusive workforce is key to our success. Bringing different skills and perspectives into our operations contributes to improved business performance, innovation, increased job satisfaction and a healthier workplace. DIB therefore endeavor to be the most diverse Islamic financial institution in our markets of operation.

4.2 Increase Employee Wellbeing

DIB recognize that the wellbeing of our employees is a key contributor to the growth of our organization and satisfaction of our employees. We therefore work to create the right environment for them and their families to thrive. We want to be a champion of wellbeing for our employees, with ambition to be the employer of choice in the banking sector.

4.3 Drive Transparency and Disclosure

DIB believe that transparency and disclosure are essential to building and maintaining trust with our stakeholders. We strive to be transparent in our dealings, governance and operations and are committed to disclosing financial and non-financial performance in line with regulatory requirements to build stakeholder confidence.

4.4 Reduce Operational Environmental Footprint

DIB recognize that climate change presents the greatest challenge to our environment and are committed to reducing our operational environmental footprint across waste, water and energy and to achieving Net Zero in our scope 1 and 2 emissions by 2030 for DIB UAE. We are setting climate change related targets with established interim milestones to reduce carbon emissions in our operations, value chain and portfolio.

4.5 Champion Business Ethics and Customer Privacy

DIB prioritize providing a safe environment for our customers and do everything in our power to safeguard our customer's data, provide a secure banking environment and treat our customers with fairness and respect. We commit to championing business ethics and ensuring the privacy of our customers' information by continuously improving our security safeguards and by raising safe banking awareness amongst customers.

4.6 Promote Financial Inclusion

DIB recognize that access to financial services is not equal to all individuals and businesses. We work to enable access to affordable financial services and products to different customer groups. Our objective is to be an accessible and reliable banking partner to all segments of society.

4.7 Propel Sustainable Finance

DIB wants to be a force for good and to have a positive influence and effect on people and the planet. We therefore finance customers who are striving to become more sustainable and to create positive outcomes in our shared communities. We actively seek to increase the channeling of funds towards projects and businesses that promote sustainability principles and sustainable development, harnessing the opportunity and supporting our clients in adapting to a low carbon future and in becoming more socially equitable. Through developing and providing innovative, beneficial and transformational sustainable financing solutions for our customers, in line with our sustainable financing framework, we are committed to 15% of DIB Group financing book to be sustainable by 2030¹.

As per the Higher Sharia Authority (HSA) directives DIB is keen to establish separate sustainable businesses and activities within its existing business lines that include sustainable financing and sustainable Sukuk issuances, including green Sukuk. DIB has adopted controls to examine their activities in terms of non-violation of Sharia and ethical provisions.

4.8 Embed sustainability into decision making

DIB understands that assessing and managing sustainability risks must be the foundation of our approach to financing a sustainable future. We also recognize the need to reduce financed emissions in our portfolio to effectively contribute to transitioning to a low carbon economy. We aim to measure and track our financed emissions in our portfolio and to develop a structured plan to reduce these by 2030. We are also integrating ESG risks in our enterprise risk management framework and assessing credit risk impacts of ESG to ensure adequate consideration in our due diligence process and financing activities.

¹ Also refer ESG section in Risk Management Framework Document and related Credit Policy.
Dubai Islamic Bank Public Joint Stock Company, licensed & regulated by the Central Bank of the UAE.

Governance

5.1 Board Sustainability Committee

This Board-level committee supports the Board in realizing DIB's long-term sustainability strategy by providing guidance to the Management Sustainability Committee. It ensures that sustainability considerations are integral to the bank's strategic planning and decision-making and in line with overall board directives. The committee reviews progress, reviews and assesses sustainability goals, drives the strategy implementation, and ensures these are aligned with DIB's long-term strategic objectives.

5.2 Management Sustainability Committee

This committee, consisting of senior leadership from various departments, oversees the implementation of sustainability initiatives across the bank. It provides support to the Board Sustainability Committee to discharge its responsibility and ensures departments adhere to the sustainability policy and effectively integrate sustainability into their operations. The committee also facilitates the sharing of best practices across departments to enhance the overall effectiveness of the bank's sustainability efforts.

5.3 Sustainability Risk Management

Sustainability and ESG risks, encompassing environmental, social, and governance (ESG) factors, are integrated into the established banking risk types across all three defense lines. Sustainability/ESG risk will be managed within the framework of the three lines of defense. This highlights the significance of DIB's commitment to successful sustainability practices.

6. Communications and Engagement

6.1 Centralized Review Process for Consistency

To ensure consistency in our sustainability message, all sustainability-related communications, including announcements, initiatives, executive statements and marketing materials, undergo a centralized review process by the Sustainability Department prior to issuance by the Communications Department. This ensures alignment with DIB's sustainability commitments and objectives, maintaining a uniform voice in all our sustainability communications.

6.2 Employee Training and Awareness

- i. DIB is committed to providing training programs for employees to effectively communicate our sustainability initiatives. These programs include modules on the basics of sustainability, DIB's specific sustainability goals, and how employees can contribute.
- ii. The Sustainability Department shall lead internal campaigns and communications to raise awareness about sustainability initiatives and their importance within the bank. This helps foster a culture of sustainability and encourages proactive participation from all departments.

6.3 Engagement with Stakeholders

Active engagement with stakeholders, including customers, shareholders, regulatory bodies, and the community, is pivotal. Our approach to stakeholder engagement will be enhanced through regular sustainability forums, stakeholder collaboration projects, and community initiatives. These activities aim to foster a dialogue with stakeholders, gather feedback, and collaboratively work towards sustainable development goals.

7. Sustainability Management

7.1 Sustainability Goals Integration

The Sustainability Department actively engages with different business units to integrate sustainability objectives into their strategies and operations. This collaboration ensures that sustainability is a key consideration in decision-making processes across the bank. The sustainability department will continue to develop and implement the overall sustainability strategy in line with operational requirements and best practices.

7.2 Tracking and Reporting Mechanism

The Sustainability Department shall develop and implement a robust tracking and reporting mechanism for sustainability initiatives, utilizing sustainability software to enhance accuracy and efficiency in sustainability management. This mechanism will support the continuous improvement of our sustainability efforts and ensure strategic alignment with our broader business goals.

7.3 Departmental Accountability for Initiatives and Key Performance Indicators

The Sustainability Department shall provide regular reporting of departmental performance against initiatives and their related key performance indicators to the management sustainability committee and board sustainability committee help track overall compliance, trajectory and areas for improvement and support.

7.4 Sustainability Advocacy and Awareness

Regular feedback is sought from all departments by the sustainability department to continuously improve sustainability practices and address any challenges. This open communication channel ensures that the sustainability policy remains dynamic and responsive to the needs of different departments.

DIB is implementing specialized training programs for key employees on sustainability and its impacts.

8. Sustainability in Risk Management

8.1 Integration of Sustainability Risks into Enterprise Risk Management Framework

DIB is committed to incorporating sustainability risks, including environmental, social and governance factors, into our comprehensive enterprise Risk Management Framework. This integration involves identifying, assessing, and mitigating risks associated with climate change, resource scarcity, and social issues in our financing and investment decisions, as well as our operations and non-financial considerations.

8.2 Sustainable Financing Practices

We are dedicated to developing financing practices that consider the sustainability impact of our financing. Future initiatives include rigorous assessments of the environmental and social impacts of projects and businesses financed by DIB, ensuring alignment with Sustainable Financing Framework and Credit Policies Manual.

8.3 Risk Management Training and Capacity Building

- i. DIB is implementing specialized training programs for the first line of defense and also for risk management personnel to effectively identify and manage sustainability risks.
- ii. DIB is developing internal capabilities and resources to stay abreast of emerging sustainability risks and global best practices in risk management.

8.4 Regular Review and Update of Risk Policies related to Sustainability

DIB is committed to regular reviews of risk policies related to sustainability to incorporate evolving sustainability challenges and opportunities; as well as to engaging with external experts and consultants to ensure our risk management approach remains aligned with international standards and practices.

8.5 Stakeholder Engagement in Risk Management

DIB will ensure transparency in our risk management processes by engaging with stakeholders, including investors and regulatory bodies, about how sustainability risks are managed. DIB is committed to incorporating feedback from these engagements to continuously improve our sustainability risk management practices.

9. Community Engagement and Social Responsibility

9.1 Commitment to CSR Initiatives and Programs

DIB is committed to developing Corporate Social Responsibility (CSR) initiatives focused on social welfare and community support, planning collaborations with local and international NGOs to enhance CSR impact as well as regular evaluation and refinement of CSR initiatives to align with sustainability goals.

9.2 Employee Engagement in Community Involvement

We shall promote employee participation in community engagement activities through volunteer initiatives and community service events and implementing recognition programs for employee contributions to community and CSR activities.

9.3 Sustainable Community Investments

DIB is committed to expanding initiatives for financial literacy and inclusive banking services for under-represented communities, in line with all applicable consumer protection requirements.

10. Sustainable Procurement and Supply Chain Management

10.1 Sustainable Vendor Selection

The Sustainability Department shall work closely with the Procurement Department to establish and enforce criteria for selecting vendors who meet our sustainability criteria. This includes evaluating vendors' environmental practices, labor policies, and ethical sourcing methods.

10.2 Regular Assessments

The Sustainability Department shall monitor regular assessments of vendor compliance by the Procurement Department against the sustainability criteria. This ensures that our procurement practices are in line with our sustainability goals and that vendors continually uphold these standards.

11. Subsidiary Engagement and Alignment

11.1 Sharing Best Practices

The Sustainability Department is committed to collaborating with subsidiaries to share best practices in sustainability practices in line with the Sharia principles and DIB's commitments. This includes workshops, training sessions, and regular communication to ensure alignment with DIB's sustainability ethos and commitment to employee wellbeing.

11.2 Maintaining clear communication paths

The Sustainability Department conducts its engagement with subsidiaries through dedicated sponsors assigned to each group entity. Sponsors support and facilitate engagement of and ensure alignment, knowledge sharing, data gathering and reporting purposes.

11.3 Monitoring and Support

Ongoing monitoring and support are provided where required to ensure that subsidiaries effectively implement sustainable practices. This includes assistance in developing tailored sustainability initiatives that address the unique challenges and opportunities faced by each subsidiary.

12. Monitoring, Reporting and Continuous Improvement

12.1 Compliance with Reporting Standards

- i. DIB is committed to reporting our performance against the Global Reporting Initiative (GRI), and International Financial Reporting Standards (IFRS) sustainability disclosure standards S1 and S2 for comprehensive sustainability reporting. This compliance ensures our reporting is transparent, reliable, and aligns with international sustainability best practices.
- ii. Our sustainability strategy is aligned with all compliance and regulatory requirements in the UAE as well as the SDGs.

12.2 DIB is committed to adhering to the highest standards of regulatory compliance in all aspects of its operations. DIB shall comply with all regulations, directives, guidelines, and standards issued by the Central Bank of the United Arab Emirates (CBUAE), as well as any other applicable local or international regulatory authority.

12.3 DIB is committed to commissioning appropriate third-parties to provide independent assurance on our sustainability reporting.

12.4 Compliance with Sharia

- i. DIB is committed to adhering to the principles of Sharia, the Fatawa issued by its ISSC and the HSA-CBUAE regulations.

13. Data Governance Framework

13.1 In recognizing the pivotal role that data plays in driving and validating our sustainability efforts DIB commits to establishing a robust Data Governance framework with the objective of ensuring:

- i. **Data Accuracy and Integrity:** Implement stringent data collection and validation processes to ensure that all ESG data is accurate, complete, and reflects our sustainability performance honestly and transparently.
- ii. **Data Security and Privacy:** Ensure the highest standards of data security and privacy are maintained, protecting sensitive information and safeguarding stakeholder trust.
- iii. **Data Utilization for Strategic Decisions:** Leverage ESG data to inform strategic decisions, identifying opportunities for sustainability improvements, risk mitigation, and innovation in sustainable product offerings.
- iv. **Transparency and Reporting:** Commit to transparent reporting of our ESG performance, adhering to international standards such as GRI and IFRS S1& S2, ensuring stakeholders have access to clear and reliable information about our sustainability efforts.

13.2 DIB details below the commitments outlined in the Data Governance Framework.:

- i. **Implement Data Management Tools**
Utilize advanced data management and analytics tools to collect, store, and analyze ESG data efficiently. This includes investing in sustainability software that enhances our ability to track performance against our sustainability goals and objectives.
- ii. **Training and Capacity Building**
Provide ongoing training for employees involved in ESG data collection and reporting to ensure they have the necessary skills and knowledge to uphold our data governance standards.
- iii. **Stakeholder Engagement**
Engage with stakeholders, including investors, customers, and regulatory bodies, to gather feedback on our ESG reporting and data governance practices, ensuring they meet the needs and expectations of our stakeholders.
- iv. **Continuous Improvement and Innovation**
Regularly review and update our data governance framework to incorporate the latest best practices and technological advancements. This includes exploring innovative approaches to data collection and analysis that can provide deeper insights into our sustainability performance and impact.
- v. **Collaboration and Benchmarking**
Collaborate with industry peers, regulatory bodies, and sustainability organizations to benchmark our ESG data governance practices, learning from others and sharing our experiences to drive collective improvement in sustainability reporting standards.

Definitions

Acronyms/Definition	Description
ESG	Environmental, social and governance
GRI	Global Reporting Initiative
HSA	Higher Sharia Authority of the Central Bank UAE
IFRS	International Financial Reporting Standards
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	Climate-related Disclosures
ISSC	Internal Sharia Supervision Committee
UN SDGs	United Nations Sustainability Development Goals (SDGs).
Sustainability	Sustainability is meeting the needs of the present without compromising the ability of future generations to meet their own needs



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