

# REPORT ON CORPORATE GOVERNANCE

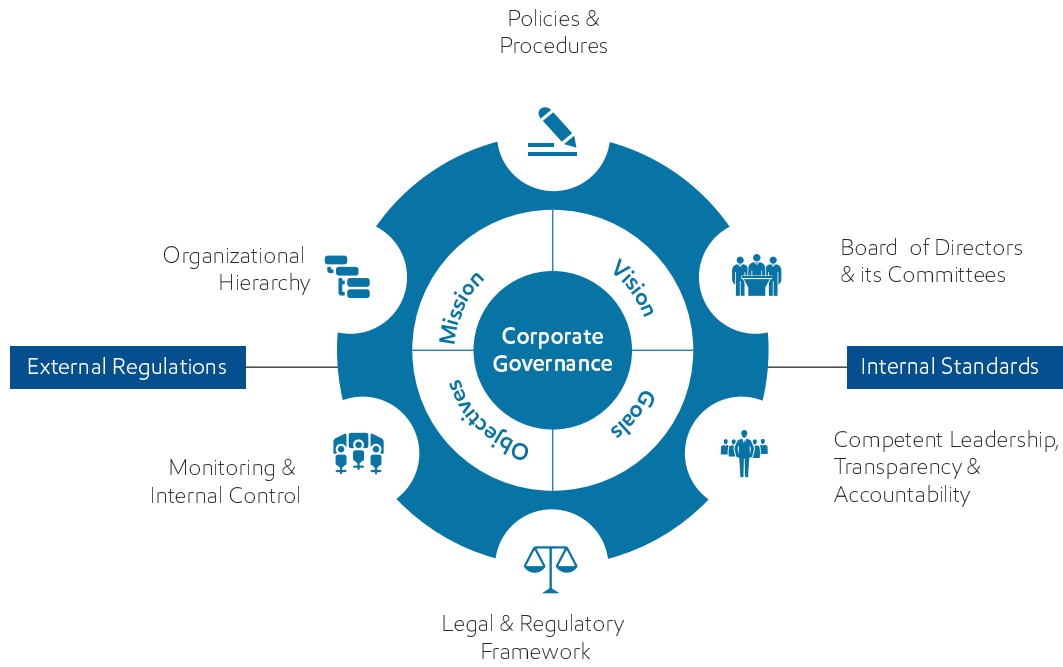
The principles of corporate governance include accountability, transparency, fairness, and responsibility. Strong corporate governance is crucial for long-term corporate success and helps to build trust among stakeholders. Shahjalal Islami Bank Limited (SJIBL) has implemented a corporate governance structure that complies with legal and regulatory requirements and addresses the information needs of stakeholders. The bank's commitment to good governance is demonstrated through its adherence to ethical business practices, its values, and its compliance with relevant laws and regulations, all while seeking to increase shareholder value.

## Corporate Governance Practices in SJIBL

Shahjalal Islami Bank Limited (SJIBL) has consistently upheld a commitment to responsible and ethical banking practices since its inception. The bank has implemented the highest international standards of corporate governance and fostered a corporate culture that promotes sustainable performance, client-centricity, innovation, and partnership. The bank's corporate governance report demonstrates its strong commitment to best practices and full compliance with the rules and regulations set forth by regulatory bodies such as the Bangladesh Bank and the Bangladesh Securities and Exchange Commission.

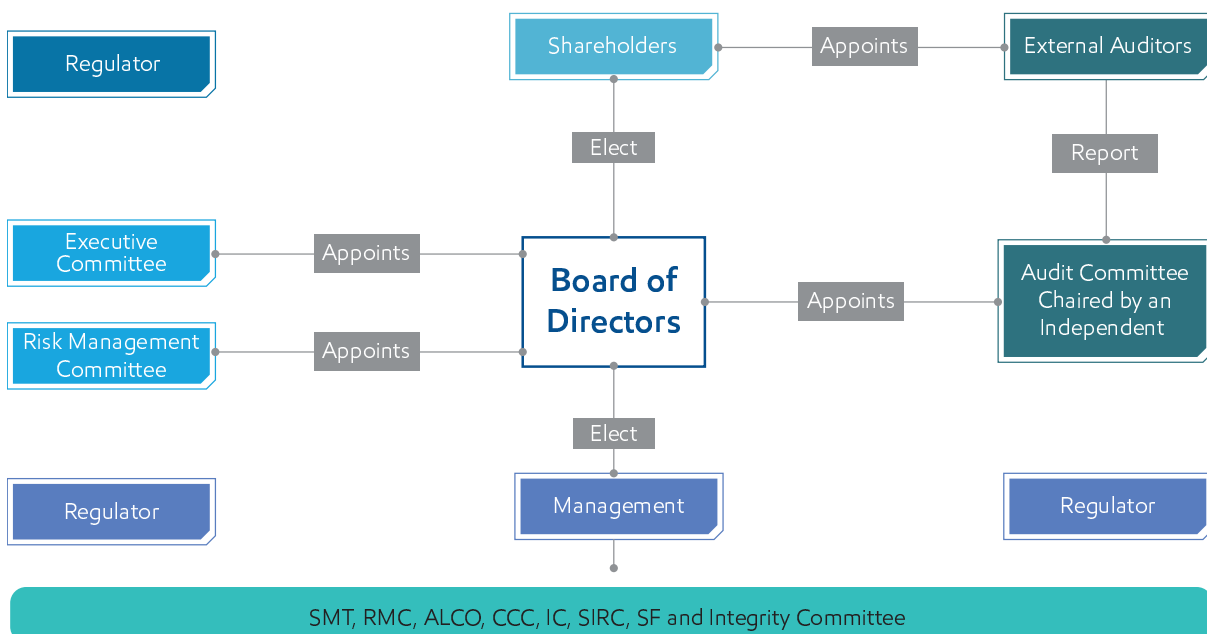


*A Board Meeting in progress*



### Governance structure of the Bank

The Board of Directors plays a pivotal role in shaping governance structures and practices through their choice of strategy and leadership to drive the bank towards growth. The board is responsible for the design and implementation of governance mechanisms, including the selection and appointment of members of subcommittees. The risk management and overall support functions of the bank have been designed and kept fully independent of the ordinary course of business to safeguard against any unforeseen events that may weaken the bank’s brand value. The governance structure of the bank is as follows:



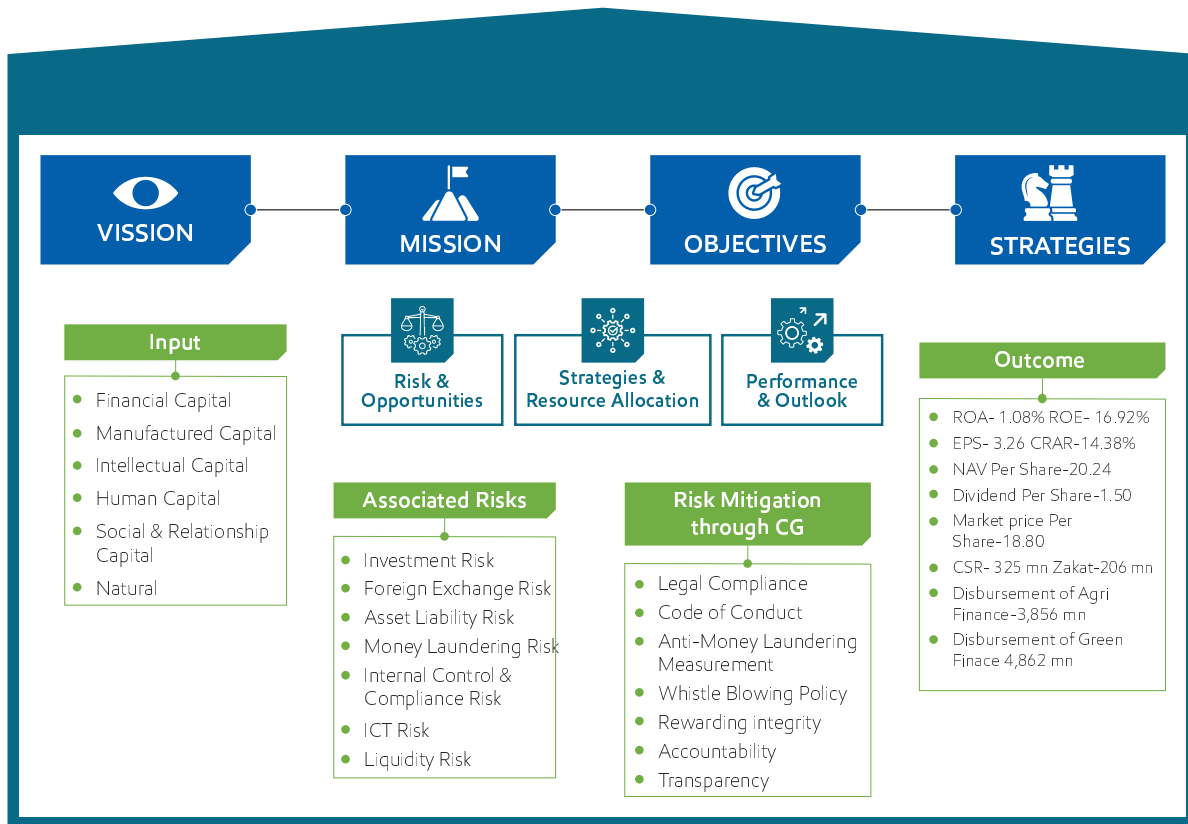
## Guiding philosophy of governance practices

Principles of good governance are embedded in the core values of SJIBL, a bank that strongly believes in inclusive and sustainable growth. As a locally incorporated bank, the following acts, regulations, notifications, and circulars played a major role in shaping the governance structure and practices of the bank:

External	Internal
<ul style="list-style-type: none"> <li>• The Companies Act, 1994</li> <li>• The Bank Company Act, 1991</li> <li>• Bangladesh Securities and Exchange Commission (BSEC) Ordinance 1969, Rules 1987, Act 1993 and Public Issue Rules 2015</li> <li>• Circulars, Rules and regulations issued by Bangladesh Bank time to time</li> <li>• Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited rules and regulations</li> <li>• Financial Reporting Act 2015</li> </ul>	<ul style="list-style-type: none"> <li>• Articles of Association of SJIBL</li> <li>• Organizational Structure</li> <li>• Resolutions of meetings of Management Committees</li> <li>• Board approved policies on all major operational aspects</li> <li>• Code of Conduct of SJIBL</li> <li>• Internal Circulars</li> </ul>

## Value Creation through Corporate Governance Framework

Corporate governance practices and the value creation of a bank such as SJIBL are inevitably linked. There is now widespread agreement that governance has a considerable impact on value creation. A good corporate governance system reduces risks, improves capital flow, boosts reputation, and facilitates improved decision-making, all of which contribute to the bank's value. SJIBL's value creation through corporate governance is as follows:



## 1. BOARD OF DIRECTORS, CHAIRMAN AND CEO

The Board of Directors of SJIBL currently consists of twenty directors, all of whom are non-executive, including the Chairman. The existing Board of Directors of the Bank includes three independent directors as prescribed in Section 15 of the Bank Company Act 1991.

Senior Management supervises and monitors the bank's corporate governance, which is further reviewed by the Board of Directors. Any violation of corporate governance is treated seriously by the Board of Directors of the bank.

### Composition of Board and its Committees

SL	Name of Directors	Board	Executive Committee	Audit Committee	Risk Management Committee
1	Mr. Mohammed Yunus	Chairman	-	-	-
2	Mr. Mohiuddin Ahmed	Vice-Chairman	Member	-	Member
3	Mr. Abdul Karim (Nazim)	Vice-Chairman	-	-	-
4	Dr. Anwer Hossain Khan	Director	Member	-	Member
5	Mr. Md. Sanaullah Shahid	Director	Member	-	-
6	Mr. Md. Abdul Barek	Director	-	-	-
7	Mr. Abdul Halim	Director	-	Member	-
8	Mr. Akkas Uddin Mollah	Director	Chairman	-	-
9	Mr. Khandaker Sakib Ahmed	Director	Member	-	-
10	Engr. Md. Towhidur Rahman	Director	Member	-	Chairman
11	Mr. A.K. Azad	Director	-	-	-
12	Mr. Fakir Akhtaruzzaman	Director	Vice-Chairman	-	-
13	Mr. Mohammed Nasir Uddin Khan	Director	-	-	-
14	Mr. Md. Moshir Raman Chamak	Director	-	Member	-
15	Mrs. Tahera Faruque	Director	-	-	-
16	Mrs. Jabun Nahar	Director	-	-	-
17	Mr. Fakir Mashrikuzzaman	Director	-	-	Member
18	Mr. Ekramul Hoque	Independent Director	-	Chairman	-
19	Mr. K.A.M. Majedur Rahman	Independent Director	-	Member	Member
20	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director	-	Member	-
21	Mr. Mosleh Uddin Ahmed	Managing Director	-	-	-

### 1.1 Bank's Policy on appointment of Directors

Directors shall be appointed in accordance with the relevant provisions of the Companies Act 1994, the Bank Company Act 1991, the Corporate Governance Guidelines of the BSEC and Bangladesh Bank, and the Articles of Association of the Bank. The Board of Directors consists of renowned entrepreneurs and business professionals with experience and wisdom in a diverse range of businesses and operations. Together, they have enriched the board with their knowledge and expertise in banking, economics, IT, accounting, marketing, administration, engineering, etc.

The Directors are elected by the shareholders at the Annual General Meeting, and all appointments of the Board members are subject to the approval of Bangladesh Bank. In the event of any nomination, removal, or casual vacancy, the bank adheres to all relevant rules and regulations.

#### 1.1.1 Roles and Responsibilities of the Board

The operational affairs of the bank are governed and managed under the overall strategic and prudent policies

approved by the Board. The board also sets the core values of the bank and adopts appropriate standards to ensure that the bank conducts its operations in compliance with relevant laws, rules, and regulations. The main roles and responsibilities of the Board of Directors of the Bank as envisaged in BRPD Circular No. 11 dated October 27, 2013 are the following:

- Reviewing the bank's operational performance towards the achievement of objectives,
- Approving policies and operational manuals to establish effective risk management and internal control in core banking areas,
- Reviewing the company's corporate governance standards for further improvement,
- Determining the bank's corporate social responsibility status and taking steps to improve it,
- Developing a compliance culture within the bank,
- Approving proposals that exceed the management's delegated business/financial/administrative powers,
- Appointing the Managing Director (CEO) and fixing his benefits,

- Purchasing or acquiring property for the bank,
- Providing welfare to the employees,
- Making a donation to a charitable cause,
- Devising an annual work plan for goals and monitoring its progress,
- Analyzing the reasons for the success or failure of the bank's annual budget achievement,
- Periodically reviewing the bank's operational budget achievements,
- Implementing risk management initiatives,
- Reviewing the sufficiency and requirements for the bank's internal control efforts,
- Reviewing the bank's human resources policy,
- Managing the bank's finances and reviewing them periodically,
- Approving policies and making decisions to improve the bank's operations and compliance culture.

### 1.1.2 Induction Policy of the Directors

Every new director is given an appropriate induction about the bank's affairs, as well as the laws and regulations applicable to the bank. The induction program includes meetings with the Chairman, the Managing Director and CEO, the Board Committee Chairs, and the bank's executives.

### 1.1.3 Rotation, Retirement and Removal of Directors

In accordance with the provisions of Section 91 of the Companies Act 1994, Sections 79–87 of Schedule I of the Act, and Clauses 20.12 and 20.13 of the Bank's Articles of Association, one-third of the directors shall retire from office every subsequent year and shall be eligible for re-election upon retirement immediately. The Bank's Articles of Association dictate that the election of board members follows the resolution determined at the shareholders' meetings. Accordingly, the respective directors of SJIBL will retire and be reappointed at the 22nd Annual General Meeting.

### List of the Directors who were retired, appointed/ re-appointed during 01-01-2022 to 31-12-2022

SL	Name of the Director	Designation	Remarks
1	Dr. Anwer Hossain Khan	Director	Retired and Re-appointed
2	Mr. Md. Sanaullah Shahid	Director	Retired and Re-appointed
3	Mr. Md. Abdul Barek	Director	Retired and Re-appointed
4	Mrs. Jabun Nahar	Director	Retired and Re-appointed
5	Mr. Fakir Mashrikuzzaman	Director	Retired and Re-appointed
6	Mr. Ekramul Hoque	Independent Director	Retired and Re - appointed
7	Mr. K.A.M. Majedur Rahman	Independent Director	Retired and Re - appointed
8	Mr. Md. Harun Miah	Director	Retired but not Re-appointed
9	Mr. Abdul Karim (Nazim)	Vice-Chairman	Appointed
10	Mr. Mohammed Nasir Uddin Khan	Director	Appointed
11	Mr. Mohammed Golam Quddus	Director	Withdraw his nomination

### 1.1.4 Directors' Shareholding Status

All sponsors/promoters and directors of the bank shall hold a minimum of 30% (thirty percent) of the bank's shares perpetually. Each director other than the independent director(s) of the Bank shall hold a minimum of 2% (two percent) of the Bank's paid-up capital. In compliance with BSEC Notification No. BSEC/CMRRCD/2009-193/119/Admin on Corporate Governance dated November 22, 2011, all directors other than independent directors of SJIBL have complied with this BSEC Notification accordingly.

### Shares held by the Directors:

SL	Name of Directors	Position	No of Shares	% of Share
1	Mr. Mohammed Younus	Chairman	26,714,343	2.47%
2	Mr. Mohiuddin Ahmed	Vice-Chairman	21,622,413	2.00%
3	Mr. Abdul Karim (Nazim) Rep. of Shams Uddin Khan & Harun Miah Ltd.	Vice-Chairman	21,611,106	2.00%
4	Dr. Anwer Hossain Khan	Director	32,301,365	2.99%
5	Mr. Md. Sanaullah Shahid Rep. of Electra International Ltd	Director	27,652,414	2.56%
6	Mr. Md. Abdul Barek	Director	21,611,200	2.00%
7	Mr. Abdul Halim	Director	26,285,673	2.43%
8	Mr. Akkas Uddin Mollah	Director	42,725,364	3.95%

SL	Name of Directors	Position	No of Shares	% of Share
9	Mr. Khandaker Sakib Ahmed	Director	21,611,979	2.00%
10	Engr. Md. Towhidur Rahman	Director	24,280,677	2.25%
11	Mr. A.K. Azad	Director	41,195,094	3.81%
12	Mr. Fakir Akhtaruzzaman	Director	21,611,034	2.00%
13	Mr. Mohammed Nasir Uddin Khan Rep. of Anwer Khan Morden Hospital Ltd.	Director	21,666,683	2.01%
14	Mr. Md. Moshir Rahman Chamak Rep. of Fresh Export Import Ltd.	Director	21,816,648	2.02%
15	Mrs. Tahera Faruque	Director	33,459,927	3.10%
16	Mrs. Jabun Nahar Rep. of Daffodils Trading International	Director	22,141,278	2.05%
17	Mr. Fakir Mashrikuzzaman Rep. of Fakir Knitwear Ltd.	Director	39,405,891	3.65%
18	Mr. Ekramul Hoque	Independent Director	Nil	-
19	Mr. K.A.M. Majedur Rahman	Independent Director	Nil	-
20	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director	Nil	-
21	Mr. Mosleh Uddin Ahmed	Managing Director	Nil	-

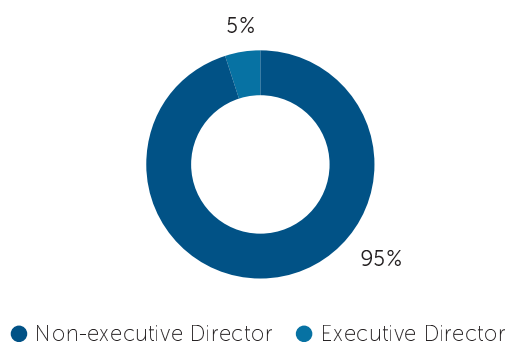
### 1.1.5 Directors' Remuneration

As per Bangladesh Bank guidelines, Directors are entitled to receive Tk. 8,000 for attending each meeting of Board and its committee. Directors are not entitled to any other remuneration than attending the meeting of the Board and its committees. However, the directors will be entitled to have their portion of dividend like all other shareholders. SJIBL has complied with the applicable rules and regulations of Bangladesh Bank and BSEC regarding the remuneration of director.

### 1.2 Adequate representation of Non-Executive Directors

A non-executive director is one who does not hold any positions in the bank other than serving on the board and its committees. All the directors of SJIBL, including the Chairman, are non-executive directors, except for the Managing Director. The bank's non-executive directors are independent of management and do not participate in day-to-day operations. Adequate representation of non-executive directors ensures the separation of management from the owners, which is an integral part of good corporate governance.

#### REPRESENTATION OF DIRECTORS



### 1.3 Appointment & qualification of Independent Directors

Before being appointed by the board, independent directors are critically evaluated and approved by shareholders at the AGM, followed by approval from Bangladesh Bank and the Bangladesh Securities Exchange Commission (BSEC). SJIBL emphasizes the mix of knowledge, skills, experience, and perception when appointing independent directors. These directors are expected to be knowledgeable and experienced individuals who can guide the organization on the right path. One of our independent directors is a renowned chartered accountant, and the other two are former Managing Directors and CEOs of renowned private commercial banks.

#### 1.3.1 Independence of Independent Directors

In compliance with relevant corporate governance guidelines, the Board has appointed three independent directors. These directors are proficient in the fields of financial, regulatory, and corporate laws and enjoy full freedom to carry out their assigned responsibilities. They exert an objective view on the policies and decisions of the Board in the best interests of the bank. In order to comply with regulatory requirements, SJIBL's Independent Directors do not hold any shares of the bank.

#### 1.3.2 Role of Independent Directors

The bank meets the criterion for independence by appointing directors who are not shareholders in the bank and have no family or other ties to the board of directors, executives, or management. In addition to their roles as directors, independent directors also perform the following tasks:

- Overseeing issues where there is a potential conflict of interest.
- Reviewing, evaluating, and providing oversight over related-party transactions to ensure that they are fair and in the best interests of SJIBL.
- Validating that the organization maintains an effective and independent compliance function.
- Bringing valuable independent judgment to the board.

#### 1.4 Chairman to be independent of CEO

In compliance with Bangladesh Bank BRPD Circular No. 11 and Circular Letter No. 18 dated October 27, 2013, and Clause 1(4) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on the Corporate Governance Code, dated June 3, 2018, the functional responsibilities of the Chairman of the Board and the Managing Director and CEO are kept separate and independent of each other. The Board has appointed Mr. Mohammed Yunus as the Chairman and Mr. Mosleh Uddin Ahmed as the Managing Director and CEO of the bank.

The Chairman of the Board approves the agendas for board meetings. This includes approving investment proposals beyond the CEO's authority and aspects of the bank's corporate strategy, financial performance, core risks and credit policy, corporate governance, CSR, organizational structure, human resources policy, customer service strategies, and procurement policy.

The CEO acts as the head of the management team and is therefore accountable to the board and its committees. Their role includes managing and running the bank in accordance with prescribed policies, principles, and strategies established by the Board and the rules, regulations, and guidelines of the Central Bank, the BSEC, and other regulatory authorities.

#### 1.5 Roles and Responsibilities of the Chairman of the Board

According to BRPD Circular No. 11, dated October 27, 2013, issued by Bangladesh Bank, and the Corporate Governance Code issued by the BSEC on June 3, 2018, the Chairman of the Board of Directors has the following major roles and responsibilities:

##### Roles of the Chairman:

- Accepting the leadership of the Board in order to ensure proper decision making.
- Supporting the Managing Director and CEO of the bank.
- Acting as a link between the Board and the Management.
- Assisting in the agenda-setting for Board meetings along with the Managing Director and the Company Secretary.
- Ensuring the focus of the Board on key issues.
- Monitoring the succession of the Board.

##### Responsibilities of the Chairman:

- Ensuring that the board sets and implements the bank's direction and strategy effectively.
- Organizing the business of the board, ensuring its effectiveness, and establishing its agenda.
- Ensuring effective operations of the Board and its committees in conformance with the highest standards of corporate governance.
- Ensuring that all key issues are discussed in a timely and constructive manner by the Board of Directors.
- Ensuring the non-intervention of any director in the routine affairs of the bank.
- Signing the minutes of the board meeting for formal confirmation."

#### 1.5.1 Independence of Non-Executive Directors

Non-Executive Directors enjoy full freedom to carry out their coveted responsibilities. They attend board meetings and are actively involved in formulating the general strategies of the bank; they also ensure confidentiality regarding the bank's affairs.

#### 1.6 Annual Appraisal of the Board's Performance and disclosure

Shareholders critically evaluate the performance of the board, assess the financial position and performance of the bank, and review the adequacy and effectiveness of the internal control system and overall governance mechanism at the AGM. During the AGM, shareholders may also ask questions and make inquiries to the board, and the chairman of the board will provide a patient hearing and respond to all their inquiries. The performance of the board is evaluated based on certain parameters, such as shareholder return, share price, return on capital employed, earnings per share, etc., of the bank. Every board meeting ensures the attendance and active participation of directors in meetings on various agenda items and reviews the adequacy and effectiveness of the internal control system and overall governance mechanism. The board approves the annual budget and monitors the monetary variance quarterly to ensure the achievement of the target. The board's performance is greatly dependent on the achievement of the budgeted target. In addition, performance reports are presented by supporting committees at regular intervals during board meetings for assessment. The performance reports of the supporting committees

of the board are also presented at board meetings, through which the performance of board members is regularly evaluated.

### 1.7 Annual Performance Evaluation of the Chief Executive Officer by the Board

The Board of Directors of SJIBL has clearly defined and approved the roles, responsibilities, and duties of the Managing Director and CEO. The Board evaluates the CEO's performance annually through various reports, such as the financial position and performance of the bank. The parameters typically consist of:



Furthermore, given the competitive nature of the banking industry, it is important to evaluate the marketing and customer management skills of the MD/CEO.

#### 1.7.1 Rules and Regulations for Appointing CEO

The Board is responsible for appointing a Chief Executive Officer/Managing Director in accordance with the relevant circulars and rules of Bangladesh Bank and BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018. The appointment of the Chief Executive Officer (CEO) is finalized only after obtaining a No Objection Certificate (NOC) from Bangladesh Bank. The following factors are considered before appointing a CEO:

- Moral Integrity**  
 It is necessary to confirm that the individual has not been convicted by any criminal court of law or punished for violating a rule.
- Experience and Suitability**  
 It is required to ensure that the individual has a minimum of 15 years of banking experience as an active officer and at least 2 years of experience in a position immediately below the Chief Executive Officer. A master's degree from a recognized university is also required.
- Transparency and Financial Integrity**  
 It is necessary to confirm that the individual has not been involved in any illegal activity while performing his/her duties and is not a bank defaulter or adjudicated as insolvent.

#### 1.7.2 Appointment of Chief Financial Officer (CFO), Company Secretary (CS), and Head of Internal Control and Compliance (IC&CD)

According to the bank's policy and other applicable rules and regulations, the bank has appointed a Chief Financial Officer (CFO), a Head of Internal Control & Compliance (IC&CD), and a Company Secretary (CS). To carry out their given obligations, they are well-versed in their particular disciplines of financial, regulatory, and corporate legislation. The positions, responsibilities, and duties of the Chief Financial Officer (CFO), Company Secretary (CS), and Head of Internal Control & Compliance were all clearly defined and authorized by the Board.



## 1.8 Policy on Training of Directors

The Policy on Director Training includes, among other things, offering training and information on the most recent developments in the banking industry, such as relevant legislation, policy guidelines, circulars, rules, and regulations issued by regulatory agencies. This is done in order to ensure that directors are able to carry out their duties properly. Special discussion sessions with experts on highly technical and complex issues may also be scheduled. In addition, directors participate in business, economic, technical, professional, and corporate governance programs and seminars conducted by various professional organizations both at home and abroad. Each newly appointed director receives a briefing on their obligations as a member of the board, as well as their legal and other responsibilities as a director of a bank. They also receive a comprehensive induction package detailing the statutory and regulatory obligations of a director, the governance structure, policies, procedures, and codes of the bank, the terms of reference of board subcommittees, and the charter of responsibilities.

## 1.9 Directors' Knowledge and Expertise in Finance and Accounting

One of our Directors, Mr. Nasir Uddin Ahmed, FCA, FCS, CGMA, ACMA (UK), and ACA (England & Wales), has extensive experience in finance and accounting. Two of our board members have previously served as managing directors of private commercial banks. They are extremely knowledgeable in the fields of banking,

finance, and accounting. One of our directors holds a Ph.D. Another board member is a former president of FBCCI, the country's highest business forum. Other board members are either successful entrepreneurs or seasoned professionals with extensive knowledge of business, economics, and administration. They provide guidance on matters applicable to accounting and audit-related issues to ensure compliance and reliable financial reporting.

## 1.10 Number of meetings of the Board and Participation of each Director

The Board meeting is usually held once a month, but more than one meeting may be held if necessary. Management provides detailed information, references, and discussion papers on each agenda item to all directors before the board meeting. The Company Secretary, as per instruction of the Chairman of the Board, takes the necessary steps to arrange regular board meetings throughout the year. The following is the total number of meetings held in 2022:

Sl. No.	Particulars	No. of Meeting
1	Number of Board meeting	21
2	Number of Executive Committee (EC ) meeting	23
3	Number of Audit Committee meeting	9
4	Number of Risk Management Committee (RMC) meeting	7

### 1.10.1 Board Meeting attendance and remuneration

The following is a statement of board meetings held in 2022, as well as the attendance of directors from January 1, 2022, to December 31, 2022:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per Meeting)
1	Mr. Mohammed Younus	Chairman	21	21	8,000
2	Mr. Mohiuddin Ahmed	Vice-Chairman		21	8,000
3	Mr. Abdul Karim (Nazim)	Vice-Chairman		21	8,000
4	Dr. Anwer Hossain Khan	Director		17	8,000
5	Mr. Md. Sanaullah Shahid	Director		20	8,000
6	Mr. Md. Abdul Barek	Director		15	8,000
7	Mr. Abdul Halim	Director		17	8,000
8	Mr. Akkas Uddin Mollah	Director		19	8,000
9	Mr. Khandaker Sakib Ahmed	Director		21	8,000
10	Engr. Md. Towhidur Rahman	Director		20	8,000
11	Mr. A.K. Azad	Director		14	8,000

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per Meeting)
12	Mr. Fakir Akhtaruzzaman	Director		18	8,000
13	Mr. Mohammed Nasir Uddin Khan	Director		20	8,000
14	Mr. Md. Moshir Raman Chamak	Director		20	8,000
15	Mrs. Tahera Faruque	Director		11	8,000
16	Mrs. Jabun Nahar	Director		21	8,000
17	Mr. Fakir Mashrikuzzaman	Director		20	8,000
18	Mr. Ekramul Hoque	Independent Director		21	8,000
19	Mr. K.A.M. Majedur Rahman	Independent Director		14	8,000
20	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director		18	8,000

### 1.10.2 Board Committees and their responsibilities

The Bangladesh Bank issued a circular; vide BRPD Circular No. 11, dated October 27, 2013, permitting banks to organize a maximum of three committees or subcommittees of the Board to ensure good governance in the operation of banks. In compliance with the Bangladesh Bank circular, SJIBL has formed an Executive Committee, an Audit Committee, and a Risk Management Committee to supervise and control the bank's operations, performance, and strategic direction.

#### Executive Committee (EC)

The Board of Directors of SJIBL has formed the Executive Committee (EC) with 7 (seven) members in

accordance with Section 15B (2) of the Bank Company Act 1991 and BRPD Circular No. 11 dated October 27, 2013. The company secretary serves as secretary of the committee.

The EC normally acts as a proxy for the Board of Directors, holds emergency meetings, and performs various tasks to ensure that banking operations are running smoothly. Any decision reached by the committee, however, must be validated by the board. During the year 2022, the EC held a total of 23 (twenty three) meetings.

#### Executive Committee Meeting, attendance and remuneration

The following is a statement of executive committee meetings, attendance, and member remuneration from January 1, 2022, to December 31, 2022:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Mr. Akkas Uddin Mollah	Chairman	23	22	8,000
2	Mr. Fakir Akhtaruzzaman	Vice Chairman		18	8,000
3	Dr. Anwer Hossain Khan	Member		15	8,000
4	Mr. Md. Sanaullah Shahid	Member		23	8,000
5	Mr. Mohiuddin Ahmed	Member		22	8,000
6	Mr. Khandaker Sakib Ahmed	Member		22	8,000
7	Mr. Engr. Md. Towhidur Rahman	Member		21	8,000

#### Audit Committee (AC)

The Audit Committee carries out its functions based on the Terms of Reference (ToR) approved by the Board. At least one independent director has to be present to fulfill the quorum of the AC meeting. The company secretary acts as the secretary of the committee. In compliance with Bangladesh Bank's BRPD Circular No.

11, dated October 27, 2013, and BSEC's Corporate Governance Code, dated June 3, 2018, the Audit Committee (AC) has been reconstituted, consisting of five members. Under the ToR, the Committee is required to review and oversee the company's financial reporting, non-financial corporate disclosures, internal control systems, and compliance from time to time.

## Risk Management Committee (RMC)

The Board of Directors of SJBL has constituted a 5 (five) member Risk Management Committee (RMC) in accordance with BRPD Circular No. 11, dated October 27, 2013. The RMC was established to reduce the likelihood of risks arising during the implementation of board-approved policies, processes, and strategies. The RMC is entrusted to examine and review whether management is working properly on the identification, management, and mitigation of risks that arise in the ordinary course of business. All five members of the RMC are Non-Executive Directors of the Board.

### Responsibilities of RMC

RMC is responsible for identifying and assessing the bank's risk and guiding management in developing risk-

mitigation programs. The committee analyzes the risk management policy and makes any necessary changes. The committee is required to convene at least four times per year. The CEO, Chief Risk Officer (CRO), or any other executive may be invited to attend the committee meeting. During 2022, the RMC held 7(seven) meetings and had thorough conversations and review sessions with the CRO about their findings, observations, and recommendations on issues of bank's affairs.

### Risk Management Committee meeting, attendance and remuneration

The statement of the risk management committee meetings, attendance, and remuneration from January 1, 2022, to December 31, 2022, is appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Mr. Engr. Md. Towhidur Rahman	Chairman	7	7	8,000
2	Dr. Anwer Hossain Khan	Member		1	8,000
3	Mr. Mohiuddin Ahmed	Member		7	8,000
4	Mr. Fakir Mashrikuzzaman	Member		5	8,000
5	Mr. K.A.M.Majedur Rahman	Member		4	8,000

### 1.10.3 Key activities performed by the Board in 2022

The operational affairs of the bank are governed and managed under the overall strategic and prudent policies approved by the Board. The Board also sets the core values of the bank and adopts appropriate standards to ensure that the bank conducts its operations in compliance with relevant laws, rules, and regulations. The responsibilities of the Board include:

- Authorization of the quarterly and annual financial statements for 2021
- Approval of the annual business plan for 2021
- Adoption of the director's report for 2021
- Appointment of statutory and corporate governance auditors and determination of their remuneration
- Convening of the annual general meeting
- Declaration of dividends for the year 2021
- Approval of amendments to the various policies of the bank
- Approval of the sustainability and corporate governance strategy
- Approval of the audit plan for the year 2022
- Discussion and decision-making on anti-money laundering issues
- Discussion and decision-making on ethical issues

- Discussion and decision-making on COVID-19 risk management and mitigation
- Review of the bank's operational performance towards the achievement of its objectives
- Review of the policies and operational manuals to establish effective risk management and internal controls in core banking areas
- Review of the bank's corporate governance standards for further improvement
- Review of the bank's corporate social responsibility status and implementation of necessary steps
- Approval of proposals that are beyond the business/ administrative delegation powers of management

### 1.11 Directors Report on Financial Statements and Corporate Governance

The Companies Act 1994 requires preparing financial statements for each accounting year. The Board maintains adequate records to safeguard the assets of the company, prevents and detects fraud and irregularities, selects and applies suitable accounting policies, and makes reasonable judgments and estimates where necessary. A separate statement of the directors' responsibility for financial reporting and corporate governance is given on pages 338 and 339 of this Annual Report.

## 1.12 Boards Accountability on Audit and Financial Reporting

The Board diligently fulfills its responsibilities by preparing and presenting a balanced and comprehensive assessment of the bank's operations at the end of each financial year. The Annual Financial Statements and Annual Report are duly audited by the external auditor. All the financial statements and annual reports are available on the bank's website for stakeholders.

## 1.13 Competent Leadership

At SJIBL, the cultivation of competent leaders is a top priority. These leaders are proficient in their fields and utilize their expertise to benefit others. The leadership process emphasizes a framework that prioritizes listening, learning, and leading. The management team is committed to understanding the issues faced by employees and clients before presenting solutions. During the development and approval process for products and services, all steps are taken with the aim of gathering knowledge and insights before making decisions, which ultimately supports sustainable leadership within the bank's board and management.

## 1.14 Succession Plan

Effective succession planning is crucial for meeting the long-term goals and objectives of the bank, as well as for ensuring that its members have the necessary knowledge, experience, and abilities to navigate the constantly evolving financial industry. SJIBL has a clear succession strategy in place for senior management and the board. Employees are promoted to higher management positions based on the bank's standards and needs. The appointment of a new director at SJIBL takes into account their knowledge, experience, and abilities to fulfill their responsibilities. The succession process at SJIBL includes the following steps:

- Identifying critical roles
- Constructing successors' profiles
- Assessing members' qualifications
- Formulating development plans
- Developing successors
- Preparing successors
- Reviewing and adapting.

## 1.15 Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or significant influence. A related party transaction is a transfer of resources, services,

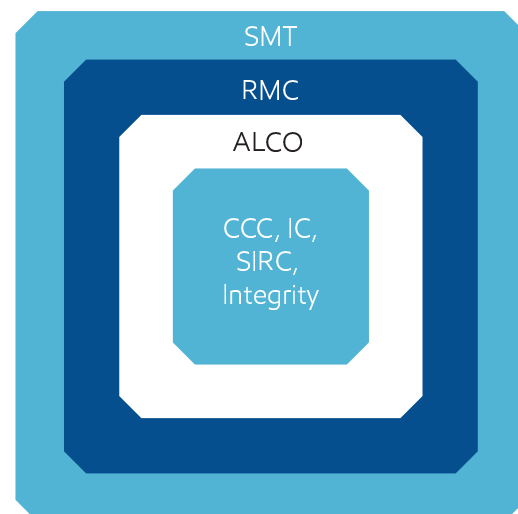
or obligations between related parties, regardless of whether a price is charged, as per IAS 24 "Related Party Disclosures," the guidelines of Bangladesh Bank, and the BSEC. Details of the related party transactions have been disclosed on page 502 of this annual report.

The Bank carries out business with related parties in the ordinary course of business on an arm's length basis at commercial rates, except for those transactions that the key management personnel have availed themselves of at concessionary rates, which are applicable to all the eligible staff. To ensure compliance with related party transaction guidelines, the Bank follows the following process:

- Report such Related Party Transactions to Bangladesh Bank in the prescribed format on a quarterly basis.
- Review of related party transactions by the Audit Committee to ensure compliance and keeps the Board informed from time to time.
- Approval by the Board of Directors for the rescheduling of investments given to any Director or his sister concern.
- The Board approves all related-party transactions and ensures that these transactions with the Company are undertaken on an arm's-length basis.
- No extra preference is given to the directors, as well as vendors and suppliers owned by the directors.
- All related party transactions are disclosed as per IAS 24 'Related Party Disclosures'.

## 1.16 Management Committees

In an effective corporate governance structure, bank management, under the leadership of the Managing Director, has a collective mandate to operate in the best interests of its shareholders. To assist in the successful conduct of banking operations, SJIBL has established a number of committees in addition to the functional units. These committees are illustrated in the following diagram:



#### **i) Senior Management Team (SMT)**

The Senior Management Team consists of all AMDs, DMDs, the CFO, the Head of RMD, and the Head of BOD, who guide the bank for sound and prudent day-to-day management. The SMT is chaired by the Managing Director. SMT's decision-making process is open and transparent, with the goal of fostering a proactive management culture.

#### **ii) Supervisory Review Process (SRP) Team**

The SRP Team consists of the divisional heads of ID, IRMD, IC&CD, Treasury, SAMD, FAD, RMD, and AMLD, and is led by the Bank's Managing Director. The team's major responsibility is to estimate additional capital requirements in line with Pillar II of BASEL-III.

#### **iii) Risk Management Committee (RMC)**

The RMC consists of the divisional heads of IRMD, ICCD, AMLD, ITD, Treasury Division, and FAD, and is led by the Chief Risk Officer. RMC's role is to identify, measure, and manage the bank's existing and potential risks through rigorous risk analysis.

#### **iv) Investment Committee (IC)**

The IC, headed by the Chief Business Officer (CBO), discusses all critical investment proposals that require formal review and approval. The IC discusses investment proposals that require particular consideration from senior management prior to approval.

#### **v) Asset-Liability Management Committee (ALCO)**

The ALCO consists of the Managing Director, Additional Managing Directors, Deputy Managing Directors, and Divisional Heads of strategic importance. The Treasury Division manages market risk, covering liquidity risk, interest rate risk, and foreign exchange risks based on ALCO's recommendations.

#### **vi) Anti-Money Laundering (AML) Committee**

The AML Committee manages and monitors all issues relating to AML and CFT. The AML Committee ensures that all employees get training on anti-money laundering at least once a year.

#### **vii) Sustainable Finance Committee (SFC)**

The bank's Sustainable Finance Committee ensures that all green banking activities are carried out in accordance with the bank's policies. The bank's Sustainable Finance Unit (SFU) keeps the SFC up-to-date on advancements in green banking on a regular basis.

#### **viii) Procurement Committee (PC)**

The Procurement Committee (PC) ensures that the purchase of all goods and services is done efficiently, economically, and objectively. The main objective of this Committee is to ensure transparency in all tenders. SJIBL has already implemented an E-Tender system that assists in neutral judgment.

#### **ix) Shariah Inspections and Report Review Committee (SIRRC)**

The Managing Director chairs the committee, which also includes AMDs, DMDs, and all Muraquibs of Shariah Divisions. The Shariah Inspections and Report Review Committee ensures shariah compliance in each operation of the Bank. It traces and reports suspicious income of the bank that needs to be segregated from profit as per Islamic shariah. The beauty of Islamic banking lies in using overdue investment income and suspicious income for public welfare instead of crediting the same to profit.

#### **x) Central Compliance Committee (CCC)**

The Central Compliance Committee (CCC) directly reports to the Managing Director. As instructed by the regulatory authority, the Central Compliance Committee (CCC) is responsible for ensuring compliance with the policies and guidelines of the central bank and other regulatory bodies, as well as all internal policy manuals of SJIBL.

#### **xi) Integrity Committee**

The Integrity Committee is responsible for nominating five officers and executives who excel above all others in terms of professional commitment and integrity. The reward for integrity is given each year as per the regulatory instructions of the Bangladesh Bank.

### **1.17 CEO & Roles and Responsibilities of CEO**

Mr. Mosleh Uddin Ahmed is the CEO and Managing Director of the bank. He is responsible for efficiently running the business, formulating and implementing appropriate business strategies, and overseeing the day-to-day business operations. He is accountable to the Board of Directors for the financial and operational performance of the bank. His major responsibilities as CEO include:

- Achieving financial, operational, and other business targets.
- Ensuring compliance with the Bank Company Act 1991 and other applicable laws and regulations.
- Facilitating the smooth operation of the bank.
- Recruiting and promoting staff, except for those in the two tiers below him (CEO).

- Approving all types of business delegation with full responsibility, including authority over transfer and disciplinary measures for staff, except those in the two tiers below the CEO.

### 1.18 Role of Company Secretary

The Company Secretary of the Bank provides advice and support to the Board and is accountable to the Board for all matters relating to the proper functionality of the Board and its Committees. The Company Secretary is responsible for advising the Board on governance matters and ensuring compliance with applicable laws and regulations.

### 1.19 Role of Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is responsible for setting the bank's financial goals, objectives, and budgets and advising the Board of Directors on actions to maintain high standards of financial control and reporting. The CFO also oversees all financial operations of the organization, including accounting, financial reporting, tax, and regulatory reporting.

### 1.20 Role of Head of Internal Control & Compliance

The Head of Internal Control & Compliance Division (IC&CD) conducts risk assessments and provides an update on the risk management status of the bank to mitigate identified risks. He is responsible for the

Bank's strategic risk-based internal audit and managing the internal audit function under the Bank's internal audit charter. His responsibilities include providing reasonable assurance of the effectiveness of the Bank's risk management and internal controls.

### 1.21 Attendance of CEO, CFO, CS & Ho IC&CD in the Board Meeting

The bank's Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Control & Compliance (IC&CD), and Company Secretary (CS) attend board meetings. However, they do not attend meetings in which an agenda item pertaining to their personal affairs is discussed.

### 1.22 Governance of Board of Directors of Subsidiary Company

Shahjalal Islami Bank Limited is the parent company, while Shahjalal Islami Bank Securities Limited is a subsidiary company of the bank. The board of the parent company is aware of the material risks and issues that might affect both the bank as a whole and its subsidiaries. It exercises adequate control over its subsidiary while respecting the independent legal and governance responsibilities that may apply to the board of directors of the subsidiary. The composition of the board of directors of the subsidiary company is given below:

Sl. No.	Name	Position in Bank	Position in Subsidiary	Control on Subsidiary
1	Mr. Md. Sanaullah Shahid	Director	Chairman	Bank holds 91.79% Shares
2	Mr. Towhidur Rahman	Director	Vice Chairman	
3	Mr. Mohiuddin Ahmed	Director	Vice Chairman	
4	Mr. Mohammed Younus	Chairman	Director	
5	Mr. Akkas Uddin Mollah	Director	Director	
6	Mr. M. Shamsul Huq	-	Director	
7	Mr. Ekramul Hoque	Independent Director	Independent Director	
8	Mr. Mosleh Uddin Ahmed	MD	Director	
9	Mr. Abdul Aziz	AMD	Director	
10	Mr. Main Quamrul Hasan Chowdhury	AMD	Director	
11	Mr. M Akhter Hossain	AMD	Director	
12	Mr. Shahjahan Shiraj	DMD	Director	
13	Mr. Md. Abul Bashar	SEVP	Director	
14	Mr. Md. Jafar Sadeq FCA	SEVP	Director	

## 2. VISION/MISSION AND STRATEGY

### 2.1 Vision / Mission Statements of SJIBL

The bank's vision and mission statement, as approved by the Board of Directors, can be found on page 14&15 of this Annual Report. The statements are also available on the bank's website and in other publications.

### 2.2 Business Objectives and Areas of Business Focus

Business objectives and areas of business focus, as well as strategies to achieve the business objectives have been updated and included in the Integrated Reporting chapter of this Annual Report. The detailed Business

Objectives and Areas of Business Focus are given in this Annual Report.

### 2.3 General description of Strategies to achieve the company's business objectives

At the start of each year, SJIBL develops strategies and action plans that are in line with the bank's mission, vision, and business objectives. The Board's strategic priorities, as directed from time to time, are provided in this annual report. The "Management Discussion and Analysis" section of this report goes into great detail about our sector-specific objectives, plans, priorities, and future business outlooks.

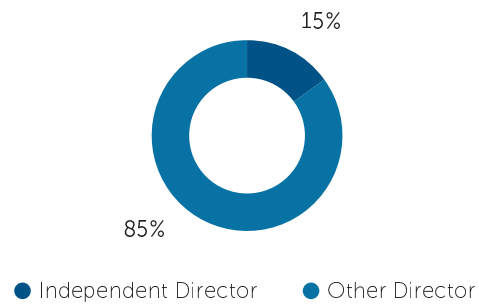
### 3. AUDIT COMMITTEE

The Audit Committee (AC) is a subcommittee of the board of directors. The Audit Committee carries out its functions based on the Terms of Reference (ToR) approved by the Board and is accountable to the Board of Directors. At least one independent director has to be present to make up the quorum of the AC meeting. The company secretary acts as the secretary of the committee.

### 3.1 Appointment and Composition

The Board Audit Committee is reconstituted by the Board from time to time in accordance with Bangladesh Bank's BRPD Circular No.11 dated October 27, 2013, and the BSEC's Corporate Governance Code dated June 3, 2018. The Board Audit Committee reviews and oversees the bank's financial reporting, non-financial corporate disclosures, internal control systems, and compliance with applicable laws and regulations, among other things.

#### APPOINTMENT AND COMPOSITION

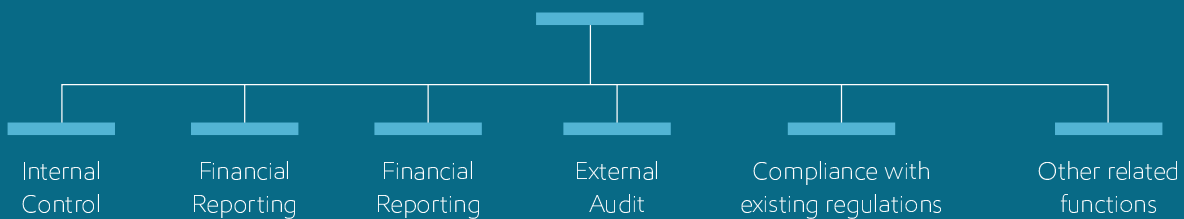


#### 3.1.1 Chairman of the Audit Committee as an Independent & Non-Executive Director and his qualification

The bank's Audit Committee is chaired by Mr. Ekramul Hoque, an independent director. He is not involved in the bank's day-to-day operations. He is a well-known

former banker and former managing director of private commercial banks. In addition, he is competent to serve as the Chairman of the Audit Committee. He graduated from the University of Dhaka with a master's degree in economics. Mr. EkramulHoque has made a significant contribution to the banking sector and the economy of Bangladesh.

#### Terms of Reference



#### 3.1.2 Terms of Reference of Audit Committee

The Audit Committee is responsible for overseeing and controlling various risks associated with banking operations. In order to maintain disciplined banking operations, the committee reinforces the system of internal controls and also serves as a focal point for internal and external auditors.

#### 3.1.2.1 Major responsibilities of Audit Committee as per Terms of Reference

The Audit Committee assists the board of directors in fulfilling its corporate governance and overseeing responsibilities in relation to the bank's financial reporting, internal control, risk management, and internal and external audit functions. Its role is to provide

advice and recommendations to the board within the scope of its terms of reference. The Terms of Reference for the Audit Committee are given below:

- Oversee the financial reporting process;
- Keep an eye on the accounting policies and principles that are being used;
- Monitor Internal Audit & Compliance process;
- Oversee the hiring and performance of external auditors;
- Hold meetings with external auditors, whenever required;
- Review the quarterly, half-yearly and annual Financial Statements;
- Review the adequacy of the internal audit function;
- Review the Management's Discussion and Analysis before disclosing in the Annual Report;
- Examine all related party transaction statements;
- Review Management Letters issued by statutory auditors;
- Oversee the determination of audit fees and evaluate the performance of external auditors;
- Be accountable to the Board of Directors for all responsibilities as mentioned above;

The Chairman of the Board's Audit Committee is an independent director who has complete discretion in carrying out his duties. While the company secretary of the Bank serves as the secretary to the Audit Committee.

### **3.1.3 Composition of Audit Committee consisting of an Independent Director and Non-Executive Directors**

The Audit Committee of SJIBL consists of 5 (five) members, including 3 (three) independent directors. All the members of the Audit Committee of SJIBL are Non-Executive Directors. No executive of the bank is eligible to become a member of the Audit Committee, and the company secretary acts as the secretary of the Audit Committee.

### **3.1.4 All members of the Audit Committee are suitably qualified and expert in Finance & Accounting**

All members of the Audit Committee are sufficiently qualified professionals with working experience in the banking and financial industries. The Chairman of the Audit Committee, Mr. Ekramul Hoque, having a brilliant academic and banking background, got his MA degree in Economics from the University of Dhaka. He was the Managing Director of Al-Arafah Islami Bank Limited. In his 43-years professional career, he also had a golden touch at Uttara Bank Limited, National Bank

Limited, and the Export Import Bank of Bangladesh Limited. As an independent director of the bank, Mr. K.A.M. Majedur Rahman serves the Audit Committee. He graduated from the University of Dhaka with a master's degree. He was the Managing Director of the Dhaka Stock Exchange Limited as well as Premier Bank Limited. Similarly, he was the country head of Bank Alfalah, a multinational bank. Mr. Nasir Uddin Ahmed, FCA, FCS, is a seasoned professional with over 34 years of effective leadership experience. He is a senior partner of MABS & J Partners, Chartered Accountants. He is a fellow member of the ICAB and the ICSB. Mr. Abdul Halim, a renowned businessman, and Mr. Md. Moshir Rahman Chamak a young business leader are the other members of the Audit Committee.

### **3.1.5 Accessibility of Head of Internal Control and Compliance Division to Audit Committee**

The Head of the Internal Control and Compliance Division has the necessary authority to have direct access to the Audit Committee as needed. In addition, the Audit Committee meets with the Head of the ICC at least once annually, without the presence of management, to discuss any issues that may have arisen from internal audits. The Head of the ICC has the authority to raise concerns whenever they deem it necessary.

### **3.1.6 Meeting & Attendance Requirement:**

The Audit Committee met 9 (nine) times during the year 2022. The committee held extensive discussions and review sessions with the Head of the ICC and external auditors, considering their findings, views, and suggestions. Corrective actions on related banking business that needed to be addressed were also discussed. The minutes of the Audit Committee meetings, which include numerous proposals and recommendations, were regularly presented to the Board for ratification. Key areas of focus for the Audit Committee in 2022 were presented in the "Report on the Activities of the Audit Committee" section of this annual report.

### **Audit Committee meeting, attendance and remuneration**

The following is the Statement of Audit Committee Meetings, Attendance, and Remuneration for the period January 1, 2022 to December 31, 2022:



SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Mr. Ekramul Hoque	Chairman	9	8	8,000
2	Mr. Abdul Halim	Member		9	8,000
3	Mr. Md. Moshir Rahman Chamak	Member		3	8,000
4	Mr. K.A.M. Majedur Rahman	Independent Director		7	8,000
5	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director		7	8,000

### 3.1.7 Quorum of the Audit Committee Meetings

The quorum for the meeting of the Audit Committee shall be composed of either two members or two-thirds of the members of the Audit Committee, whichever is greater, with the presence of an independent director being required. The company secretary shall serve as the secretary of the Committee.

### 3.1.8 Presence of the Chairman of the Audit Committee in the AGM

The Chairman of the Audit Committee attends every annual general meeting of SJIBL to ensure transparency and accountability. In the absence of chairman, the audit committee will designate another member to attend the Annual General Meeting (AGM).

### 3.1.9 Reporting to the Board of Directors

The Audit Committee is responsible for providing a report on its activities to the Board. If any of the following findings arise, the Audit Committee shall immediately report them to the Board:

- Conflicts of interest;
- Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;
- Suspected violation of laws, regulatory compliance including securities-related laws, rules, and regulations; and
- Any other matter deemed necessary by the Audit Committee that must be immediately disclosed to the Board.

However, no such incidents occurred at SJIBL during the year 2022.

### 3.1.10 Reporting to the Authorities

If the Audit Committee reports to the Board about any matter that has a material impact on the financial condition and results of the operation and has discussed with the Board and management that, rectification is required, and the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report the finding to the BSEC upon

reporting such matters to the Board for three times or upon completion of a period of six months from the date of the first report to the Board, whichever occurs earlier. In the year 2022, no such incidents occurred at SJIBL.

### 3.1.11 Reporting to the Shareholders and General Investors

Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) of the BSEC Corporate Governance Code dated June 3, 2018, duly signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the Bank. No report to the Board under condition No. 5(6)(a)(ii) of the BSEC Corporate Governance Code dated June 3, 2018 required to be made during the year 2022.

## 3.2 Objective and Activities of Audit Committee

The Audit Committee regularly reviews the internal control systems of the bank. They also review, with management, the bank's quarterly, semiannual, and annual financial statements before submitting these to the Board for consideration. The objectives and activities of the Audit Committee are described in the "Report on the Activities of the Audit Committee" on page 334 of this Annual Report.

### 3.2.1 Internal controls are well-conceived, properly administered and satisfactorily monitored

The Audit Committee is of the view that the internal control and compliance procedures are well-conceived, properly administered, and satisfactorily monitored. This view is based on a review of the activities of IC & CD in 2022. This is discussed in detail on page 334 of this annual report in the Report on the Activities of the Audit Committee.

### 3.2.2 Statement to indicate Audit Committee's role in ensuring compliance with Laws and Regulations

The Audit Committee observed that whether the applicable laws and regulations are complied by the Bank. The effectiveness of internal control is reviewed on an ongoing basis by the Audit Committee to ensure

that it is operating adequately and effectively. The Committee also reviews the actions taken on lapses identified in the IC&CD reports.

### **3.2.2.1 Audit Committee's role in ensuring timely settlement of statutory dues**

The Audit Committee observed that whether all statutory dues are settled in time. In this regard, the audit committee instructs the Internal Control and Compliance Division to review the status of payment of all statutory dues and report the same to the committee.

### **3.2.3 Audit Committee involvement in the review of the external audit function**

Based on the proposal of the Audit Committee, the board recommended appointing Hoda Vasi Chowdhury & Co., Chartered Accountants, as statutory auditors of the bank for 2022 to the shareholders at the 21st AGM. Accordingly, the shareholders have approved their appointment. In compliance with the BSEC corporate governance code, the statutory auditors will not provide any other services other than the statutory audit. During their tenure, the IC&CD department has coordinated and reviewed its functions and reported to the Audit Committee. The Audit Committee reviewed the activities of the external auditors and discussed the requisite issues with them; both the committee and the auditors expressed their satisfactions and presented the financial statements to the board.

### **Key Functions of Audit Committee relating to the review of the external audit function:**

The key functions of the Audit Committee relating to the review of the external audit function are to

- ensure effective coordination of external audit function;
- ensure the independence of external auditors;
- review the external auditor's findings to ensure appropriate actions are taken;
- ensure that the external auditor has not been assigned any non-audit work;
- review the appointment/reappointment of the external auditor;
- ensure that the independence of the external auditor is not compromised.

### **Services not provided by External Auditors**

In compliance with Provision 7 of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018, M/S. Hoda Vasi Chowdhury & Co., Chartered Accountants, performed the statutory audit of the bank. M/S. Hoda Vasi Chowdhury & Co., Chartered

Accountants, did not provide any of the following services during 2022:

- Appraisal or valuation services or fairness opinion;
- Financial information system design and implementation;
- Book keeping or other services related to accounting records or financial statements;
- Broker-dealer services and Actuarial services;
- Internal audit services or special audit services;
- Audit or certification services on compliance of corporate governance;

### **3.2.4 Selection of appropriate accounting policies**

The Audit Committee reviewed the financial statements of 2022. The Committee noted that the financial statements were prepared according to the appropriate accounting policies and applicable accounting standards adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The accounting methods were also verified by the statutory auditors, and they expressed their satisfaction with the adequacy of the accounting methods as reflected in their report on page no. 420.

### **3.2.5 Review and recommend of annual and interim financial statements before presenting to the board for authentication**

In compliance with BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018, the Audit Committee, along with management, reviewed and recommended on the quarterly, half-yearly, and annual financial statements before submission to the Board for approval.

### **3.2.6 Compliance on Central Bank inspections**

The Central Bank inspects commercial banks on a regular basis. The main objective of the Central Bank is to ensure that banks are complying with applicable laws and regulations. Accordingly, Bangladesh Bank conducted a comprehensive inspection of SJIBL during the year 2022, covering the head office, selected branches, core risks, and different divisions as carried out each year, and issued inspection reports. The bank has addressed the issues and responded to the report issued by Bangladesh Bank in a timely manner. The Audit Committee of the Board has reviewed the compliance status of the Bangladesh Bank inspection report and instructed management to comply with Bangladesh Bank's recommendations meticulously.

### **3.2.7 Review of reliability of the management information used for such computation**

Effective internal controls are essential for preventing potential fraud and forgery. Based on internal audits conducted throughout the year 2022, the Audit Committee expressed its satisfaction to the Board regarding the reliability of management information used for the preparation of financial statements. Based on the Internal Audit Function and the Statutory Auditor's observation, the Audit Committee reviews the reliability of the information used for preparing such a computation.

#### 4. INTERNAL CONTROL & RISK MANAGEMENT

Internal control is the process designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws, regulations, and internal policies. The internal control system of SJIBL provides effective oversight of the whole process, including the policies, processes, laws, regulations, tasks, behaviors, and other aspects of the bank. Internal Control & Risk Management facilitates the bank's effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance, and other risks to achieve its objectives.

#### 4.1 Statement of director's responsibility to establish an appropriate system of internal control

The board is vigilant about the internal control system of the bank to attain and maintain a satisfactory qualitative standard in its investment portfolio. The board established an internal control system such that the internal audit process could be conducted independent of management. The Board reviews the reports submitted by its audit committee at its quarterly meetings regarding compliance with the recommendations made in internal and external audit reports and the Bangladesh Bank inspection reports.

#### 4.2 Key features of Internal Control system and monitoring technique

The Board of the Bank ensures the maintenance of a sound system of internal control to safeguard the bank's assets. The Board through its Audit Committee conducts an annual review and evaluates the effectiveness of the system of Internal Control of the Bank. The Key features of the Internal Control system are as follows:



##### Control environment

The Board of the Bank ensures integrity, ethical values, management philosophy, operating style, and the assignment of authority and responsibility for establishing an appropriate control environment.



##### Risk assessment

The Board of the Bank established a process for risk assessment and management. The internal control system will identify and analyze these risks to prevent an adverse event.



##### Control activities

Control activities at the bank refer to the policies and procedures put in place to ensure the proper functioning of the organization. These activities include top-level reviews and the segregation of duties, which are designed to promote accountability and prevent errors or fraud. The internal control system is structured in a way that promotes diversification of responsibilities and transactions among staff, ensuring that no one individual has too much control over a particular process or decision.



##### Information and communication

The exchange of information within the bank is facilitated by clear lines of communication flowing from management to employees and vice versa. This enables each member of the team to successfully carry out their responsibilities.



## Monitoring

Monitoring refers to the process of assessing the effectiveness of internal controls. The board regularly evaluates management and supervisory activities, the budget, and all other financial documents. These evaluations help to ensure that the organization is operating effectively and efficiently and that internal controls are being properly implemented and maintained.

### 4.3 Statement that the directors have reviewed the adequacy of the system of internal Controls

Shahjalal Islami Bank Limited has a sound system of internal control to safeguard the interests of its stakeholders. To ensure an appropriate level of the internal control system, an Internal Control and Compliance Manual has been introduced in line with global practices and regulatory guidelines. The Board of Directors regularly reviews the internal control system of the bank and provides necessary guidelines for improvement. SJIBL has strengthened and divided its Internal Control and Compliance Division (IC&CD) into three distinct units in accordance with the pertinent guidelines set by Bangladesh Bank. The division operates independently and completes its tasks with objectivity and impartiality.

### 4.4 Disclosure of the identification of risk the company is exposed to both internally and externally

SJIBL is fully aware of the paramount importance of being proactive and systematic in the management of the risks that the bank faces in its daily operations. The Risk Management Division (RMD) of SJIBL is primarily responsible for the management, integration, and monitoring of all risks within the risk appetite set by the Board Risk Management Committee (BRMC). The Risk Management Committee (RMC) of the Board reviews and monitors the overall risk management system of the bank and updates the Board of Directors from time to time. The roles and responsibilities and major areas of focus of RMC in 2021 have been presented in the Risk Management Report of this annual report.

#### a) Investment Risk Management

The investment-related risks of SJIBL are primarily governed by the Investment Risk Management Guidelines approved by the Board of Directors. The bank measures, monitors, and manages investment risks at the individual borrower level and at the portfolio level. The bank has pursued a strategy of developing a diversified portfolio and investing in better-rated corporate customers.

#### b) Foreign Exchange Risk Management

The current foreign exchange market is very unstable in terms of dollar rates and availability. However, the bank has low exposure to the aforementioned risk because major foreign exchange-related transactions are carried out on behalf of the clients. Due to shariah principles, the bank does not engage in any speculative activities. The foreign exchange transactions are conducted independently by the Treasury Division, and the Treasury Back Office validates the deal and passes the necessary accounting entries.

#### c) Asset Liability Risk Management

ALCO reviews the bank's liquidity requirements, asset and liability maturities, deposit and investment pricing strategies, and liquidity contingency plans. The Asset Liability Committee also monitors and reports on balance sheet risk to the Board of Directors on a regular basis.

#### d) Money Laundering Risk Management

To mitigate risks, the bank has designated a Chief Compliance Officer at the corporate office and branch compliance officers at each branch. These individuals independently review accounting transactions to identify and verify suspicious transactions. The bank has also implemented a "Know Your Customer" (KYC) policy and a "Transaction Profile" (TP) format. The bank is complying with regulatory requirements and following guidelines for KYC when opening new accounts.

#### e) Internal Control & Compliance Risk Management

The bank has a well-designed policy on internal control and compliance risk management, through which internal control and compliance risks are identified and managed at all levels of the organization. The Board and Management are accountable for the bank's internal control and compliance. The compliance function has an important role in supporting corporate values, policies, and processes that help ensure that the bank acts responsibly and fulfills all applicable obligations.

#### f) ICT Risk Management

The bank's information technology (IT) policy ensures that IT measures are aligned with the business strategy

of the bank. To this end, the Head of the ICT Security Unit periodically reviews current IT projects, major IT incidents, technology risk indicators, and the state of regulatory compliance. The IT Security Unit is responsible for continuously assessing, monitoring, and managing IT-related risks in accordance with the bank's risk management policy. This process helps the bank ensure that its IT systems and processes are secure and compliant with relevant regulations.

**g) Liquidity Risk Management**

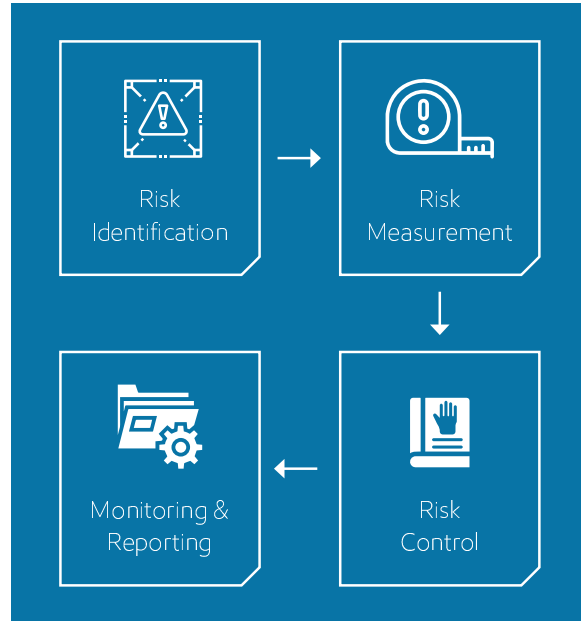
To effectively manage liquidity risks, SJIBL has implemented several measures. First, the bank sets limits on major liquidity risk management indicators to ensure that it remains well positioned to meet its financial obligations. Second, the bank has an early warning system in place to identify potential liquidity risks that may arise in the financial market. This helps to ensure that the bank can take proactive measures to mitigate any potential risks.

**Risk Management Committee (RMC) of the Board**

In addition to the Executive Committee and Audit Committee of the Board, the bank has a Risk Management Committee (RMC) that is responsible for planning and guiding the overall risk management of the bank. The RMC's roles and responsibilities are described

in detail in the "Report on Risk Management." The RMC is a committee of the board and serves an important function in ensuring the bank's risk management practices are effective and align with its overall goals and objectives.

**4.5 Disclosure of the strategies adopted to manage and mitigate the risks**



As mentioned above, the SJIBL business unit serves as the first line of defense against banking risks. The Risk Management Division functions as the second line of defense, while the third and final line of defense is the Board of Directors of the bank. The Board decides on and instructs the ultimate risk-taking measures for the management of the bank. All core risk policy guidelines have been approved and are reviewed periodically by the Board of the Bank.



**5. ETHICS AND COMPLIANCE**

As a Shariah-compliant bank, the foundation and growth of SJIBL rest on ethics and compliance. Ethics are the decisions, choices, and actions (behaviors) that reflect and enact the bank's values. Compliance means conforming or adapting one's actions to another's wishes, a rule, or a necessity. The terms "ethical" and "compliance" are often used interchangeably when referring to businesses that are doing the right thing.

**Ethics and Compliance in SJIBL**

Code of Conduct for	Objective
Client	Safeguarding the interests of the customers and treating them fairly in all aspects of their dealings with the Bank.
Shareholders	Providing all shareholders with fair treatment along with protection of their assets.
Employees	Fair treatment of all employees and expects integrity in return.

## 5.1 Disclosure of statement of Ethics and values

The bank has a separate “Code of Conduct and Ethical Guidelines” for the Board of Directors and employees of the bank. The “Code of Conduct and Ethical Guidelines” is based on the premise that every employee must put the bank’s interests ahead of his or her own. The following are the highlights of our “Code of Conduct and Ethical Guidelines”:



### Honesty and integrity

Employees are expected to act honestly and with integrity at all times. They must be fair and equitable in their dealings with present and prospective clients, the general public, and other employees of the bank.



### Integrity of records

All employees are expected to maintain books and records with integrity and ensure the accuracy and timeliness of all transactions. They need to ensure that the privacy of their clients’ affairs is protected. Moreover, employees are not expected to disclose confidential information without proper authorization.



### Conflict of interest

Employees must not use their position in the bank for personal gain or to obtain benefits for themselves or members of their families or friends.



### Compliance with laws and regulations

All employees are expected to follow and comply with the laws of the land and the internal rules and regulations of the bank.



### Misappropriation of assets

No employee shall convert funds or property that are not legitimately theirs for their own use and benefit, nor shall they assist another person in such exploitation.



### Acceptance of gifts

Employees are strongly discouraged from accepting gifts, benefits, or facilities from clients and their family members or persons with business interests with the bank. If an employee is to receive such a thing to establish a mutually beneficial relationship, he or she must disclose it to his or her line manager with an estimate of its value.

## 5.2 Dissemination of the statement of ethics, business practices and code of conduct

It is a requirement for all employees of SJIBL to sign a declaration form acknowledging their understanding of the ethics, business practices and code of conduct. The Human Resources Division distributes the necessary declaration forms and ensures that all employees have signed and submitted them to the appropriate department. The Internal Control and Compliance Division evaluates whether employees have breached

the ethics, business practices and code of conduct through their periodic audits.

## 5.3 The Board’s commitment to establish high level of ethics and compliance within SJIBL

The Board of Directors is committed to upholding a high standard of ethics and compliance among all bank employees. They consistently encourage management to ensure that all employees maintain a high level of ethics at the bank and provide guidance on ethics and integrity policies. Additionally, the bank has introduced

Integrity Awards to recognize its employees for upholding these values.

### 5.3.1 Conflict of Interest

A conflict of interest in business typically refers to a situation in which a board member’s personal interests clash with the professional interests of the bank. Board members are expected to prioritize the interests of the bank over their own personal interests and fulfill their duties and responsibilities objectively and effectively. If a board member reasonably expects a transaction or relationship to potentially create a conflict of interest with the bank, they are required to fully disclose it to the entire board and seek authorization from the board to pursue such transactions or relationships.

### 5.3.2 Insider Trading

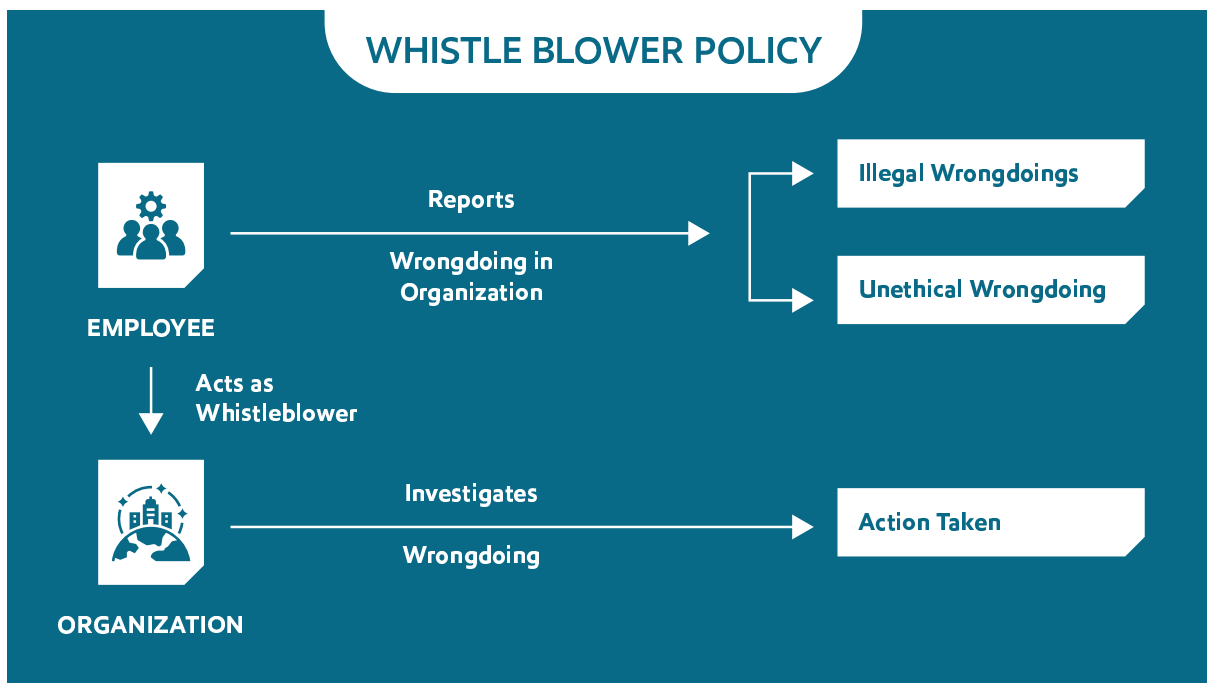
Insider trading involves trading in the bank’s stock by the directors, executives who have non-public material information about that stock. Board members shall not engage in insider trading with respect to the purchase and sale of the bank’s securities. Board members shall not buy or sell securities while in possession of material non-public information about the issuer of that security, whether the issuer is SJIBL or any other company. The Board members shall also not pass such information to someone who may buy or sell securities. Insider trading is prohibited because it provides an insider with an unfair competitive advantage in the market, puts the insider’s interests above those to whom he or she has a fiduciary obligation, and allows an insider to artificially influence the value of a company’s stock.

## 5.4 Establishing effective anti-fraud programs and controls

A strong anti-fraud stance and a proactive, comprehensive approach to combating fraud are prerequisites, and any organization that does not adequately safeguard itself will be more vulnerable to fraud. SJIBL has already implemented a thorough fraud risk management program, ensuring that the bank is well-prepared to deal with these threats. It is the responsibility of every employee of the bank to inform the management about any fraud or suspected fraud that may cause financial loss or non-financial loss, or be otherwise detrimental to the interests of the bank.

### 5.4.1 Whistle Blower Policy

The bank has implemented a whistleblower policy to encourage employees to report any instances of fraud or suspected fraud. This policy holds that it is the responsibility of every bank employee to report any fraudulent, dishonest, corrupt, illegal, unethical, improper, or unsafe activity that may cause financial or non-financial loss or be otherwise detrimental to the bank’s interests. Employees are expected to report any fraud or suspected fraud that they have credible information about or reasonable grounds to suspect. This policy allows employees to serve as whistleblowers and helps to ensure that the bank is able to effectively detect and prevent fraudulent activity.



### 5.4.2 Effective protection of whistleblowers

SJIBL's governance structures ensure that whistleblowers are protected from dismissal, loss of promotion, harassment, discrimination, or any other form of victimization as a result of raising a genuine or reasonably suspected fraud. This protection extends to all employees who serve as whistleblowers and helps to ensure that they are able to report instances of fraud without fear of retaliation. These measures reflect the bank's commitment to solid governance and help to create a safe and supportive environment for employees to report potential fraudulent activity.

### 5.4.3 Establishing effective anti-fraud programs and controls

SJIBL has a strong anti-fraud stance and takes a proactive, comprehensive approach to combating fraud. The bank has implemented a thorough fraud risk management program to safeguard it against these risks, including measures such as establishing policies and procedures to detect and prevent fraudulent activities, training employees on how to identify and report potential fraud, and regularly reviewing and updating fraud prevention strategies. These efforts allow SJIBL to effectively protect itself and its customers from the dangers of fraud.

### 5.4.4 Establishing a hot line for reporting of irregularities, etc.

SJIBL has introduced a 24/7 hot line and the number of hot line is 16302. Through this hot line customers and other stakeholders will be able to get better

services. Moreover, the employees, customers and other stakeholders will be able to report any kind of irregularities to the management of the bank through this hotline.

### 5.4.5 Maintaining Confidentiality of Information

The bank is committed to maintaining the privacy and confidentiality of all information acquired during the course of its professional activities. This includes information about the bank's customers and their affairs, as well as confidential financial and business information. The bank will not disclose this information unless required to do so by law. Additionally, the bank is committed to not using inside information, including customer data and product manuals, for personal gain or the benefit of others, either directly or indirectly. This commitment to confidentiality and ethical conduct helps to ensure the trust and loyalty of the bank's customers.

### 5.4.6 Accountability

The bank has implemented a control system that ensures the accountability of management and the board of directors. Under this system, management is accountable to the board and the board is accountable to the shareholders and stakeholders. This system helps to ensure that the bank is transparent in its decision-making and operations and that the interests of all stakeholders are taken into consideration. By establishing clear lines of accountability, the bank is able to maintain strong governance practices and build trust with its customers and other stakeholders.



### 5.5 Disclosure of director's interest in significant contracts and arrangements of the Bank

The Bank in its ordinary course of business undertook financial transactions with some entities or persons that fall within the definition of 'Related Party' where the

directors of the bank have interest. We have disclosed separately in the notes to the financial statements, the significant contracts and arrangements where the directors have interest. We have disclosed director's interest in significant contracts and arrangements in note number 53 of the financial statements.



## **5.6 Details of Related Parties with whom the bank had entered into transactions, basis of relationship and percentage of shareholdings**

Details of Related Parties with whom the bank had entered into transactions, basis of relationship and percentage of shareholdings are given in note number 53 of financial statements. The Bank in its ordinary course of business undertook financial transactions with some entities or persons that fall within the definition of 'Related Party' as contained in IAS 24: Related Party Disclosures and relevant provisions of the Banking Companies Act, 1991 (as amended up to date) and Bangladesh Bank BRPD circular no. 14 dated 25 June 2003. As on the reporting date, the Bank had funded and non-funded exposures with its subsidiary and exposures to some related concerns of its Directors.

## **5.7 Board's review on the Bank's business continuity plan/ disaster recovery plan**

As per Bangladesh Bank circular the bank has prepared a business continuity plan/ disaster recovery plan and submitted the same to Bangladesh Bank. The plan was reviewed by the Board of Directors of the bank before submission.

## **5.8 Board's policy on IT Governance**

According to BRPD circular no. 14 dated 23 October 2005 regarding "Guideline on Information and Communication Technology for Scheduled Banks", BRPD circular no. 21 dated 20 May 2010 and BRPD circular no. 09 dated 17 September 2015, the Bank has followed IT Manual which deals operational risk, physical security control, potential for wide area disaster, data center disaster, recovery plan and backup/restore plan. In addition to this, up-to-date security solutions have been implemented to ensure confidentiality, integrity and availability of critical business data.

## **5.9 Policy to encourage employee's participation in Management**

SJIBL fosters employee engagement and participation in management through regular manager conferences and employee meetings. These meetings provide a forum for employees to freely express their thoughts and ideas on a range of topics, including bank policies, operational procedures, product and service innovation, and more. By encouraging employee participation in decision-making and encouraging open communication, the bank is able to tap into the knowledge and expertise of its workforce and create a more collaborative and inclusive culture.

## **5.10 Knowing level of customer satisfaction**

To ensure that it is meeting the needs and expectations of its clients, SJIBL conducts an annual client satisfaction survey and uses mystery shopping techniques. These measures allow the bank to assess the level of satisfaction among its clients and identify areas for improvement. The Research Division at SJIBL is also continuously working to understand and improve client satisfaction, recognizing that it is an evolving phenomenon. By regularly evaluating and addressing client satisfaction, the bank is able to maintain strong relationships with its customers and provide high-quality service.

## **5.11 Payment to vendors on time**

To ensure the quality and reliability of the products and services it uses, SJIBL has enlisted vendors that have been approved by the competent authority of the bank. The bank has established policies and procedures for making vendor payments and ensures that these payments are made regularly in accordance with these policies. This helps to ensure that vendors are able to meet the bank's standards and requirements and that the bank is able to maintain strong relationships with its suppliers.

## **5.12 Payment of Taxes to the Government Authorities on time**

SJIBL complies with applicable tax laws and regulations and pays income tax and VAT on income and expenses as required. The bank also deducts and collects tax and VAT on behalf of the government, as required by law. All taxes and VAT due from the bank are paid to the government's exchequer in a timely manner. By following these procedures and paying all required taxes, the bank is able to fulfill its financial obligations and maintain good relationships with tax authorities.

## **5.13 Policy on Supply Chain management**

The Procurement Committee at SJIBL is responsible for overseeing the supply chain management of the bank. The Common Service Division is responsible for maintaining an uninterrupted supply chain, and the procurement committee provides the necessary approval for the purchase of goods and services. This ensures that the supply chain process runs smoothly and without disruption, and helps to ensure that the bank has access to the products and services it needs to operate effectively. By carefully managing its supply chain, the bank is able to minimize risk and ensure the efficient and timely delivery of goods and services.

## 6. NOMINATION AND REMUNERATION COMMITTEE

### 6.1 Charter of Nomination and Remuneration Committee

In accordance with BRPD Circular No. 11, dated October 27, 2013, the Board of Directors of each bank company shall constitute three committees, such as the Executive Committee, the Audit Committee, and the Risk Management Committee. The Board of Directors of the bank is not allowed to form any other permanent or temporary committees or subcommittees of the Board of Directors. Furthermore, according to Bangladesh Bank letter ref: BRPD(R-1)717/2021-5064 dated June 16, 2021, the bank is not permitted to form a Nomination and Remuneration Committee. Accordingly, SJIBL has not formed a Nomination and Remuneration Committee of its Board of Directors. However, the Board oversees the recruitment and remuneration processes of the employees by reviewing various policies like the HR Policy, Recruitment and Promotion Policy, Pay Package Policy, etc.

### 6.2 Composition of Nomination and Remuneration Committee

At the management level, the Managing Director, Head of the Human Resources Division and Chief Financial Officer are responsible for the governance of compensation and remuneration. Usually, they make a proposal to the Board of Directors, which is then reviewed and validated by the Board. After incorporating their recommendations, the compensation and remuneration decisions are approved by the board. The main responsibilities of these individuals include presenting recommendations to the board regarding the remuneration, compensation packages, incentive schemes of management, and retirement benefits for all employees. They also work to ensure that all employees are remunerated fairly and receive performance-based compensation by implementing an effective remuneration policy. This helps to ensure that the bank's compensation and remuneration practices are transparent, fair, and aligned with business goals.

### 6.3 Key policies with regard to the remuneration of directors, senior management and employees

As outlined in BRPD Circular Letter No. 11, dated October 4, 2015, directors are entitled to receive an honorarium of TK 8,000.00 per meeting for attending board and subcommittee meetings. This includes meetings of the board, executive committee, audit committee, and risk management committee. The remuneration of the Managing Director & CEO

is recommended by the board and approved by Bangladesh Bank, while the remuneration of senior management and other employees is determined in accordance with the bank's HR Policy. These policies and procedures ensure that directors and other employees are fairly compensated for their time and efforts, while also aligning with industry standards and regulatory requirements.

### 6.4 Number of meetings of the Remuneration Committee and work performed

Despite not having a formal "Remuneration Committee" due to regulatory constraints, the topic of employee compensation and benefits is given careful consideration at board meetings. In 2022, issues related to employee promotions, increments, performance bonuses, and other matters were discussed at various board meetings. Despite the lack of a dedicated committee, the board is committed to ensuring that all employees are fairly compensated and recognized for their contributions to the organization. This includes carefully considering and approving any changes to compensation and benefit policies, as well as regularly reviewing and updating these policies to ensure that they remain aligned with the needs and goals of the organization.

### 6.5 Remuneration of directors, chairman, chief executive and senior executives

SJIBL has a well-defined remuneration policy that is regularly reviewed and updated by management. The bank's senior executives receive market-based, competitive compensation in order to attract, motivate, and retain skilled and competent employees. The compensation of directors, the chairman, and the CEO is set in accordance with the guidelines provided by the Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank circulars. This ensures that the bank's compensation practices are aligned with regulatory requirements and industry standards, while also supporting the recruitment and retention of top talent.

#### 6.5.1 Remuneration of chairman & directors

The remuneration of directors and the chairman is paid in accordance with the guidelines provided in BRPD Circular Letter No. 11, dated October 4, 2015. In 2022, the total amount of directors' fees paid was TK. 5,345,600. The details of directors' fees and expenses can be found in note No. 34 of the bank's financial statements. This information is provided in order to ensure transparency and compliance with relevant regulations and guidelines.

### 6.5.2 Remuneration of chief executive officer

The remuneration of the chief executive officer is proposed by the directors and approved by Bangladesh Bank at the time of his appointment. The total remuneration paid to the Chief Executive Officer during the year 2022 was Tk. 22,399,944. The details of the remuneration of the Chief Executive Officer are shown in Note No. 33 of these financial statements.

### 6.5.3 Remuneration of senior executives

Remuneration for senior executives is market-based and competitive to attract, motivate, and retain skilled and competent employees. The details of the salary and allowances paid to senior executives, executives, and officers are shown in note No. 28a of these financial statements.

## 7. HUMAN CAPITAL

Shahjalal Islami Bank Limited (SJIBL) is committed to excellence in banking and has been operating in a highly professional manner to achieve continuous and sustainable growth in the industry. HR plays an instrumental role in securing the future success of SJIBL. In doing so, the function is guided by its long-term vision of working in partnership to create an environment where employees can thrive and are enabled to deliver sustainable organizational performance. It considers that a set of quality, balanced & motivated human resources is the key success factor for its business. The Bank has its clear set of mission, vision and strategies and Human Resources Division tries to ensure finding such talented manpower having right attitude and place them in right positions to achieve goal of the Bank. The Bank always focuses on creating a learning and innovative culture throughout the organization to take the challenges as well as to move the bank forward.

Developing employees' capabilities always remained at the forefront of the Bank as efficient and skilled manpower can manage the financial risks and optimize the organizational values. Human Resources Division in this regard focuses to transform its human into human capital with deep sense of organizational commitment and ownership. To this effect Human Resources Division continuously evaluates its employees' strengths as well as weaknesses to provide required trainings and updates the HR policies, employee benefits, social security, undertakes career development programs to ensure that the employees are motivated, inspired and proactive for achieving the goals.

## 7.1 HR Policies & Practices with respect to Human Resource Development and Management

SJIBL is pursuing a standards set of Human Resources policies and guidelines covering all related aspects of Human Resources Management to ensure a unique HR Management practice throughout the organization. Human Resources policies of the Bank in broader lines covers from the talent acquisition, HR Development, performance management, remuneration & allowances, disciplinary and grievance management, sexual harassment eradication, NIS, KYE and Employee Background Screening, Employee House Building & Car Policy, Internship policy etc. The set of HR policies provide a roadmap for day-to-day HR operations and guides for decision making thus streamlines the internal processes.

### 7.1.1 Succession Planning

HR plays an instrumental role to ensure the future success of the Bank in terms of efficient workforce. To achieve this vision, it is required to build the capabilities of middle management to help them develop both professionally and personally and position them in the organization properly. A talent management process is in practice to build a pool of trained and skilled executives who are ready to take the key roles immediately the position fell vacant. This process of succession planning started when fresh recruits join the Bank through a stringent process. Once recruited, SJIBL focuses on developing the employees' skills, expertise and knowledge so they are prepared to take the leadership roles in branch/division/department in the event of organizational growth or attrition. Furthermore, leadership training arranged regularly to develop the middle management for taking higher responsibility so that old employees' exit is well covered by new employees as successors.

### 7.1.2 Merit based Recruitment

SJIBL continues to attract, retain and invest in the best talent to ensure that our business is future-ready. Based on the organization's strategic plan, HR regularly assesses the current HR capacity and future requirements. The knowledge, skills and abilities of current employees also identified through performance management system. Following gap analysis, the bank regularly hires fresh and experienced employees following a rigorous recruitment process to strengthen its organizational competencies. The bank believes that combination of experienced and fresh officers in operational area is a prudent exercise and the juniors could be trained more effectively with the requirement of the organization. Talent acquisition is a long-term

and continuous HR strategy of the Bank. Aiming to find top talents HRD undertakes necessary programs to support the recruits to bring their unique skills and talents for the solid development of the bank. Finding, recruiting and retaining the talents is highly challenging and complex job for the Human Resources Division. During 2022, Bank recruited 100 Probationary Officers through competitive examination. HRD arranged orientation program at Training Academy where new joiners were introduced to different aspects of Bank's business and culture before placement.

### 7.1.3 Performance Appraisal System

The Bank believes that an efficient reward system is beneficial effect upon the performance for instilling a sense of ownership amongst the employees, enhances employee motivation, facilitate long term focus with continuous improvement, promotes team work, minimizes employee dissatisfaction and enhanced employee performance of the Bank.

Considering the strategic importance of performance appraisal in reward and recognition of employees, HRD has been practicing a standard performance appraisal system in its HR Management Software. The system based appraisal helps to complete the process throughout the organization within a shortest possible time. The division undertakes performance appraisal 02 times in each year which help the employees to understand their strengths and weaknesses and work to improve any deficiencies. The performance appraisal system incorporates key principles and involves all officials in a common platform where they are evaluated using set parameters. This appraisal is further reviewed by a senior management committee to ensure transparency and eliminate any potential biases. The performance appraisal system is widely used in the Bank, as it is linked to promotion, compensation, placement, and employee development.

### 7.1.4 Promotion, Reward and Motivation

Employee motivation is essential for any organization since motivated employees are dedicated, work harder and therefore produce more. An engaged employee is emotionally committed to the company and this commitment tends to influence his/her behavior towards the organization. Employee motivation of

the Bank is promoted through the use of promotions, rewards, such as incentives, appreciation letters, foreign trainings for deserving employees etc. Human Resources Division also focuses on employees' residence and district of permanent residence while planning their transfer and posting in different Branches facilitating them to stay close to their family members. It helps to improve employee motivation and engagement with the organization. The Bank also provides a healthy working environment throughout the organization and provides competitive pay package and other benefits which improve employees' belongingness with the organization.

### 7.1.5 Training and Competence Development

Shahjalal Islami Bank considers training & development as a key factor to develop human resources capacity and skill. The Bank consistently creates a favorable environment for the employees in which they can learn better and apply innovative ideas, acquire new competencies, develop skills, behaviors and attitudes which influence their productive capacity and business potential.

To keep up with the fast changing business synergies, product profile, processes, customer preferences, numerous technology applications and compliance and regulatory requirement, training has become a focal strategy of the Bank. In this regard bank identifies the requirements of particular trainings covering different priority aspects of banking/business thus prepare the target group considering their level of knowledge & position. Bank considers each training as an investment where training courses are perfectly designed keeping in view of the objective and hired right trainers to ensure that each program since conducted are useful and help to develop required skill & capabilities of the employee to better handle any complex issues. The Bank provides training to employees at all levels for improvement of their knowledge and skills to ensure that they acquire required skill sets in their future positions throughout the year at Bank's own Training Academy.

Furthermore, Bank regularly nominated officers/executives to participate course/seminar/workshop arranged by reputed institutions like BIBM, BBTA, BAB, etc.

SI No	Course Type	Training Provider/Training Institute	No. of Courses	No. of Participants
	SJIBL (in house) Training Program	SJIBTA & Corporate Head Office	60	5449
	External Training Programs (Local)	Bangladesh Bank & BBTA	27	60

SI No	Course Type	Training Provider/Training Institute	No. of Courses	No. of Participants
	External Training Programs (Local)	BIBM	37	88
	External Training Programs (Local)	BAB, DSEL, CSBIBB, NAPD, IBB, Franklin Covey Bangladesh infinigent consulting Limited, ICCB, Experts Academy Limited, Citi Bank N. A., ABB, Thriving Skills Limited, BSEC, FINSALLIANCE, ICCB & LIBF, Blackstone Institute, AACOBB and Moody's Analytics, SCB, AACOBB & Fintelekt, DBBL, IBBL, EBL, Green Tech Foundation Bangladesh, Bank Asia Ltd., AB Bank Ltd. NCC Bank Ltd, First Security Islami Bank Ltd., Skill Jobs, Southeast Bank Limited, ArafahIslami Bank Ltd., ICCB etc.	43	153
	Foreign Training (India)	ICICI Bank Ltd.	1	1
<b>Total</b>			<b>168</b>	<b>5751</b>

### Area Specific Training Programs:

S.N	Area of Training	No. of Participants
1	Foreign Trade	547
2	Anti Money Laundering	506
3	Information & Communication Technology (ICT)	453
4	General Banking & Cash	778
5	Shariah Compliance	795
6	Banking Laws and Regulations	200
7	Banking Operations & compliance	1418
8	Investment	290
9	Foundation Course	206
10	ISS Reporting	312
12	Others	246
<b>Total Number of Participants</b>		<b>5751</b>

#### 7.1.6 Grievance management and counseling

Effective employee relations management involves creating a systematic mechanism for employees to voice their grievance and concerns to their supervisors and management. If not properly managed through channels such as grievance procedures and counseling, these issues can negatively impact productivity, business efficiency, and employee engagement. The use of SJIBL's whistle blowing mechanism also ensures that employees who bring concerns forward are protected by competent authority. Furthermore, the anti-female harassment policy makes female employees feel safe in the workplace.

#### 7.1.7 Diversity at Workplace & Culture (Gender/Race/Faith diversity)

Shahjalal Islami Bank believes that work place diversity can create synergy for the organization and is a key enabler for long-term success. Only by building teams of people with different backgrounds, education, skills and experiences we can create sustainable value across the Bank. The Bank pursues to uphold work place diversity in thoughts, culture, religion and gender which makes the Bank stronger to serve the clients as well as to achieve the goals. Shahjalal Islami Bank focuses on maintaining gender ratio to acceptable level and provides equal employment opportunities.

### Year wise employee position:

S.L	Employee Type	2018	2019	2020	2021	2022
1	Executive	224	261	270	298	310
2	Officer	1,306	1,443	1,432	1,476	1,562
3	Cash Officer	397	455	466	479	476
<b>Total</b>		<b>1,927</b>	<b>2,159</b>	<b>2,168</b>	<b>2,253</b>	<b>2,348</b>
<b>Change over the year #</b>		<b>(7)</b>	<b>232</b>	<b>9</b>	<b>85</b>	<b>90</b>
<b>% of Change</b>		<b>-0.36%</b>	<b>11%</b>	<b>0.42%</b>	<b>3.77%</b>	<b>3.84%</b>
<b>Number of Branches</b>		<b>122</b>	<b>132</b>	<b>132</b>	<b>132</b>	<b>140</b>

### Employee Type & Gender:

Name of Position	Male	Female	Total-2022	Total-2021
Executive	291	19	310	298
Officer	1,232	330	1,562	1,476
Cash Officer	355	121	476	479
Sub-Staff	485	2	487	488
<b>Total</b>	<b>2,363</b>	<b>472</b>	<b>2,835</b>	<b>2,741</b>

### Employee Distribution:

#### a. Division wise position:

Name of Division	No. Branch	No. Employees	Percentage
Dhaka*	74	2,030	71%
Chattogram**	32	418	15%
Khulna	9	105	4%
Sylhet	7	98	4%
Rajshahi	8	85	3%
Barishal	6	61	2%
Rangpur	4	38	2%
<b>Total</b>	<b>140</b>	<b>2,835</b>	<b>100%</b>

\*.Also includes CHO, OBU & CPC \*\*. Also includes Zonal office & CPC

#### b. Branch Vs Corporate Head Office:

Name of Position	CHO	Branch	Total-2022	% of Total
Executive	141	169	310	11%
Officer	428	1,134	1,562	55%
Cash Officer	5	471	476	17%
Sub-Staff	131	356	487	17%
<b>Total</b>	<b>705</b>	<b>2,130</b>	<b>2,835</b>	
% of Total	25%	75%		

### Age Group Wise Position:

Name of Position	Male	Female	Total-2022	Total-2021
Below 30 Years	368	70	438	435
30 to 40 Years	977	228	1,205	1,240
40 to 50 Years	780	161	941	847
50 to 60 Years	231	13	244	213
<b>Above 60 Years</b>	<b>7</b>	<b>0</b>	<b>7</b>	<b>6</b>
<b>Total</b>	<b>2,363</b>	<b>472</b>	<b>2,835</b>	<b>2,741</b>

### 7.1.8 Policy on Recruitment, Retention, Training and Empowering Retarded/Handicapped employees

SJIBL is committed to implementing a standardized set of Human Resources policies and guidelines that cover all aspects of HR management. These policies provide a clear framework for HR operations and decision-making, enabling the organization to streamline internal processes. The HR policies of SJIBL encompass a range of areas, including recruitment, retention, training and empowering retarded/handicapped employees HR development, performance management, remuneration and allowances, disciplinary and grievance management, sexual harassment prevention,

and employee background screening. Other policies, such as the employee house-building and car policies and the internship policy, are also included. By following these policies, SJIBL ensures a consistent approach to HR management throughout the organization.

### 7.1.9 Human Resource Accounting

Human resource accounting (HRA) is a process of measuring the cost incurred by the organization to recruit, select, train, and develop human assets. Approaches to human resource accounting were first developed in 1691. HRA facilitates decision making about the personnel, i.e. either to keep or to dispense with their services or to provide mega-training.

Amount in BDT mn

Particulars	2022	2021
Total Asset	339,818.87	313,731.00
Human Asset (Individuals' value)	36,905.62	33,591.46
Value of investments (Training Expense)	7.46	2.13
Total Asset including Human Asset	376,731.95	347,324.59
Total Liabilities	339,818.87	313,731.00
<b>Human Capital</b>	<b>36,913.08</b>	<b>33,593.59</b>
Total Capital & Liabilities including Human capital	376,731.95	347,324.59

SJIBL reported the total value of Human Capital to be 376,731.95 in the year 2022 using Present Value of Future Earning Model (Lev & Schwartz) which discounts total benefits payable to employees with the assumption of minimum expected earnings up to the date of retirement.

### 7.2 Organizational Chart

The organizational chart of SJIBL is a diagram that illustrates the relationships between different officials and departments within the Bank. It is used to show the structure of the organization as a whole, as well as how the Bank is divided into divisions and departments. This chart is useful for understanding the overall structure of SJIBL and the roles and responsibilities of different officials. It can be found on page 102 of this annual report.

### 7.3 Our Management Approach

The bank believes in the importance of creating an inclusive workplace, building a culture that embraces differences and recognize the value and contributions of individuals at all levels of employees. Our approach ensures that we cultivate a workplace culture where all employees are provided with equal opportunities and different views are valued. To reach at the desired objectives Human Resources Division stretched out a set of unique and standard HR management policies and practices that pursue ultimate goal of the organization.

### 7.4 Digitalization in HR Management

The Bank with increasing size of operation invites more people to work and therefore digitalization of related areas of HR operation helps an effective HR management. Bank over the years internally developed a HR Management System (HRMS) incorporating Leave Management, Attendance, Payroll System, Employee Business Target Management, Performance Appraisal Management, E-Learning System and Automation of End Service Benefits. The Bank also internally developed its E-Recruitment system. Bank's internally developed E-Learning system also gives employees the opportunity to learn staying at their own place of work at any time convenient to them. The initiative also enables to reach each and every employee of the Bank and give them an opportunity to learn reducing expenses and hassle for movement.

### 7.5 Developing Shariah Knowledge

Islamic banking does considerably differ from its conventional counterpart in terms of principles, norms, values and practices. The specialty of Shariah banking and the soundness of its transactions mainly depend on strict compliance of Islamic Shariah in all its transactions. In this regard to uphold the spirit of application of sharia in all operational affairs, the Bank strives to provide shariah knowledge to all employees for better compliance with shariah guidelines and norms. SJIBL being a shariah based bank believes that it is entrusted

with the responsibility to adhere the shariah instructions in all its banking business and to this effect Bank undertakes specialized shariah training for the officials and also includes basic shariah course in Foundation Training of the employees. To strengthen the shariah related affairs, the bank in year 2022 recruited 5 officers specialized in shariah knowledge through competitive exam and placed them at Shariah Inspection and Compliance Division.

### 7.6 Employee Health Insurance Facility

To provide health insurance facility to all employees, SJIBL entered into a group health insurance agreement with Pragati Life Insurance Company Limited and brought all employees of the bank under health insurance coverage at the expense of the Bank. Bank's group health insurance facility covers the employee along with their family members. During the year employees received about 404 insurance claims from the company under group health insurance facility of the bank.

### 7.7 Work place hygiene & safety

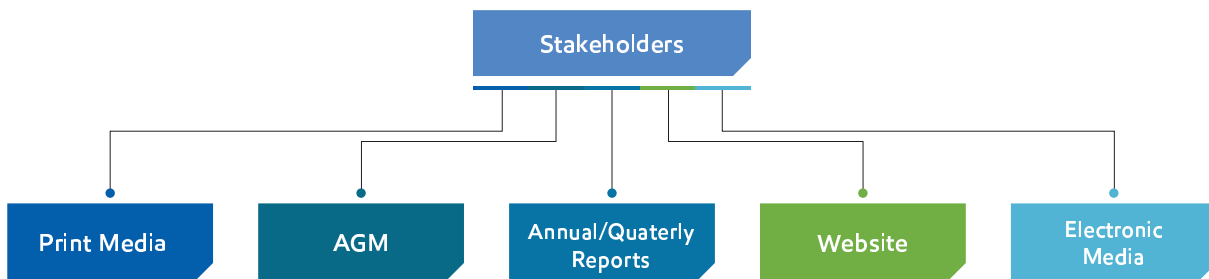
Bank ensures the cleanliness issues in all offices for better health & hygiene of all staffs. A retired Army person in the rank of Major under Common Service Division is looking after the health & safety issues with a large pool of cleaning staffs deployed throughout the organization. To acquaint with safety issues as well as tackling unexpected situation like earthquake/ fire Corporate Head Office and Branches conducts fire drills at regular intervals to train the employees and also regularly test the effectiveness of the safety equipment.

## 8. COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

### 8.1 Policy/strategy to facilitate effective communication with Shareholders and other stakeholders

The Company Secretary of the Bank is responsible for managing the Share Department, which is responsible for effective communication/engagement with shareholders and other stakeholders of the Bank. During office hours, shareholders and other stakeholders can contact this department with any questions or concerns. SJIBL provides updated information on its website for shareholders and other stakeholders. The Bank engaged with its shareholders in the following ways:

- By publishing Price Sensitive Information (PSI) in national newspapers and online news portals
- By making PSI available on the DSE and CSE websites, as well as the bank's website
- By publishing a press release about the bank's important events in the newspapers
- By sending notices to shareholders to hold annual general meetings and extraordinary general meetings (as needed)
- By sending the Annual Reports of the Bank to shareholders every year
- By publishing financial statements in the newspapers
- By holding General Meetings of the Shareholders.



Ways of communicating with Stakeholders

#### 8.1.1 Communication through electronic media

The Board recognizes the importance of communication with shareholders and other stakeholders. The Bank's website, [www.sjibld.com](http://www.sjibld.com), displays a range of information for these groups, including annual reports, half-yearly reports, quarterly reports, monthly business reviews, a list of products and services, a

schedule of charges, the profit rates of deposits and investments, current announcements, presentations, and information on events. In addition to these disclosures, the Bank also provides information required by regulatory bodies such as the Bangladesh Securities and Exchange Commission (BSEC), the Bangladesh Bank, and the listing rules of the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited.



### 8.1.2 Communication through quarterly/ annual report

The Annual Report of SJIBL is a comprehensive source of information for all stakeholders. The bank also publishes quarterly and half-yearly reports to keep shareholders informed on a regular basis.

### 8.1.3 Communication through Print Media/ TV

SJIBL communicates with shareholders through newspapers and TV regarding price-sensitive information, marketing campaigns, award ceremonies, and other information. In addition to these disclosures, the bank also provides required information to regulatory bodies such as the Bangladesh Securities and Exchange Commission (BSEC), the Bangladesh Bank, the Dhaka Stock Exchange (DSE) and the Chittagong Stock Exchange (CSE).

## 8.2 Policy on Ensuring Participation of Shareholders at AGM

The following steps are taken to ensure shareholder participation in the AGM:

Step 1: SJIBL sends out the notice at least 21 days before the AGM, allowing shareholders ample time to receive and review the notice and reply with their attendance.

Step 2: Annual Reports are circulated in accordance with the provisions of the Companies Act 1994 and related notifications issued by the Bangladesh Securities and Exchange Commission (BSEC), giving shareholders sufficient time to review the report and freely provide their valuable comments and suggestions at the AGM.

Step 3: Shareholders are allowed to speak freely at the AGM to offer their valuable suggestions. These suggestions are noted for future compliance.



The 21st AGM was held in 2022 through digital platform.

## 8.3 Investor / Shareholder's grievance policy

Any complaint received at the AGM or throughout the year related to the transfer and transmission of shares, the non-receipt of Annual Reports, non-receipt of dividends in a timely manner, or other share-related matters is resolved lawfully and in a timely manner. The Company Secretary of SJIBL is responsible for handling such issues related to shareholders.

### 8.3.1 Shareholders' Satisfaction and Confidence in the Bank

The AGM is considered a day of judgment by shareholders for the previous year's activities of an organization. Shareholders of SJIBL are free to express their opinions, satisfaction, or dissatisfaction on the day of the AGM, and the Board secretariat notes issues for future compliance. The SJIBL Board of Directors is elected by obtaining shareholder approval at the AGM.

Furthermore, shareholders show their satisfaction and confidence in the bank, as reflected in the share price.

### 8.3.2 Reminders to Shareholders for Encashment of Dividends

According to SJIBL's dividend distribution policy, dividends are typically distributed through bank transfers and the BEFTN channel. Shareholders who cannot be reached through these methods have their dividend warrants sent to them by mail. Cash dividends to non-residents are paid through the security custodian. In the case of stock dividends (bonus shares), these are credited directly to the BO account within 30 days of approval, subject to clearance by the stock exchanges and CDBL. SJIBL's Share Division sends reminders to shareholders for the encashment of dividends and

tracks the number of dividends that are en-cashed following the AGM. The Share Division also takes steps to notify shareholders of their right to en-cash unclaimed dividends. Further details of SJIBL's dividend distribution policy can be found on page no. 379 of this Annual Report.

### 8.3.3 Compliance with the ICSB Secretarial Standard

SJIBL strictly follows the Bangladesh Secretarial Standard of the Institute of Chartered Secretaries of Bangladesh (ICSB). The SJIBL Board secretariat follows all procedures to ensure sound corporate governance. The compliance status of ICSB Secretarial Standards is as follows:

Sl No.	BSS No.	Title of BSS	Compliance Status
1	BSS-1	MEETINGS OF THE BOARD OF DIRECTORS	Complied
2	BSS-2	GENERAL MEETINGS	Complied
3	BSS-3	MINUTES	Complied
4	BSS-4	DIVIDEND	Complied
5	BSS-5	MEETING THROUGH ELECTRONIC MODES (Virtual or Hybrid Meetings)	Complied
6	BSS-6	RESOLUTIONS BY CIRCULATION	Complied

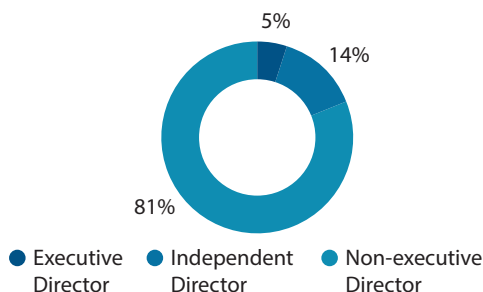
### 8.3 Diversity of the Board

The SJIBL Board consists of experts from various fields that provide a well-rounded view of the company and help in effective strategic management and implementation. SJIBL has a diverse Board of Directors in terms of the following categories:

#### i) Board Composition

The Board of Directors of SJIBL is well-balanced, with a mix of independent and non-executive directors. There are three independent directors who have full freedom, while 17 non-executive directors provide a healthy balance of power.

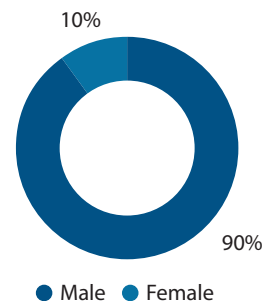
#### BOARD COMPOSITION



#### ii) Gender

The SJIBL Board of Directors has ensured that female directors are included alongside male directors to eliminate gender bias in decision-making. At the moment, SJIBL has two female directors and eighteen male directors.

#### GENDER

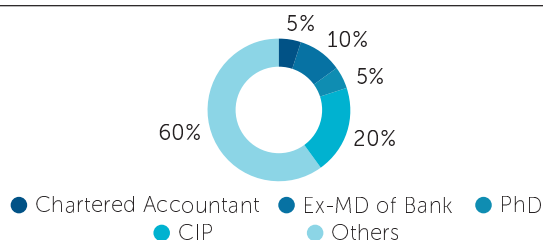


#### iii) Professional Background

Many of the directors have a wealth of knowledge and experience in business and commerce due to their involvement in various other businesses in addition to banking. This is a valuable asset to the Board. Among the directors on the SJIBL board, one is a renowned

chartered accountant, two are former Managing Directors of private commercial banks, one holds a PhD, four directors are Commercially Important Persons (CIPs), and the remaining directors are market leaders and entrepreneurs in the business sector.

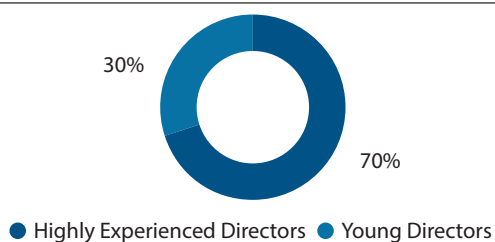
#### PROFESSIONAL BACKGROUND



#### iv) Experience

The independent directors on the Board bring a wealth of experience from their roles in respected banks and other organizations, including multinational corporations. The other directors also bring a significant amount of business experience to the table.

#### EXPERIENCE OF DIRECTORS



### 8.4 Rights of Shareholders

Shareholders are the true owners of the bank. As such, they have specific privileges and rights that are governed by the laws. The basic rights that shareholders enjoy include:

- Entitlement to dividends.
- Effective participation and voting in shareholder meetings.
- The right to elect board members.
- The ability to convey or transfer shares.
- Participation and information on basic decisions, including amendments to governing documents, new share authorization, and extraordinary transactions.
- Sufficient and timely information on board meetings.
- The right to question the board and provide input on fundamental issues.
- The ability to consult with each other concerning their interests

### 8.5 Free-Float Shares & Interests of General Investors

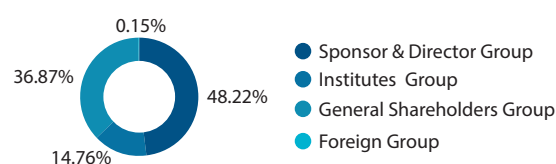
The portion of shares held by investors other than restricted shares owned by the company's sponsor shareholders and directors is known as the "free float." These free-floating shares are available to all types of investors. Sponsor shareholders and directors of SJIBL can only sell shares in the market after receiving approval from the appropriate regulatory authorities and ensuring that all requirements are met. As part of effective governance, the SJIBL authority endeavors to protect the interests of general investors.

### 8.6 Shareholding Pattern

The authorized capital of Shahjalal Islami Bank Limited is Tk. 15,000,000,000, divided into 1,500,000,000 ordinary shares of Tk. 10.00 each. The paid-up capital of the bank is Tk. 10,805,517,980, divided into 1,080,551,798 ordinary shares of Tk.10.00 each. As per Section 1(5)(xxiii) of BSEC Notification No. BSEC/CMRRC/2006-158/207/Admin/80 dated June 3, 2018, the pattern of shareholding is as follows:

Types of Shareholders	Percentage of Holding	Number of Share
Sponsor & Director Group	48.22%	521,053,377
Institutes Group	14.76%	159,450,514
General Shareholders Group	36.87%	398,383,877
Foreign Group	0.15%	1,640,300
Total	100.00%	1,080,551,798

#### SHAREHOLDING PATTERN



### 8.7 Shares Held by Parent, Subsidiary, or Associated Companies

Shahjalal Islami Bank does not have a parent company or an associated company. It has only one subsidiary company, Shahjalal Islami Bank Securities Limited, which does not hold any shares of Shahjalal Islami Bank Limited. Therefore, no shares were held by parent, subsidiary, or associated companies during the year 2022.

## 8.8 Shares are held by the Chief Executive Officer, Company Secretary, Chief Financial Officer, and Head of Internal Control & Compliance and their spouses and minor children.

Sl. No.	Designation	Shareholdings as on 31.12.2022
1	a) Mr. Mosleh Uddin Ahmed Chief Executive Officer	Nil
	b) Spouse / Minor Children of Chief Executive Officer	Nil
2	a) Mr. Md. Abul Bashar Company Secretary	Nil
	b) Spouse / Minor Children of the Company Secretary	Nil
3	a) Mr. Md. Jafar Sadeq FCA Chief Financial Officer	Nil
	b) Spouse / Minor Children of the Chief Financial Officer	Nil
4	a) Mr. Md. Nazimuddoula Head of Internal Control and Compliance	Nil
	b) Spouse / Minor Children of the Head of Internal Control and Compliance	Nil

## 8.9 Shares held by top five salaried Executives in the regular services of the Bank

Sl. No.	Name	Designation	Shareholdings as on 31.12.2022
1	Mr. Abdul Aziz	Additional Managing Director	Nil
2	Mr. S.M. Mainuddin Chowdhury	Additional Managing Director	Nil
3	Mr. Mian Quamrul Hasan Chowdhury	Additional Managing Director	Nil
4	Mr. Md. Akhter Hossain	Additional Managing Director	Nil
5	Mr. Imtiaz Uddin Ahmed	Deputy Managing Director	Nil

## 8.10 List of Shareholders Holding 10% or More Shares in the Paid-Up Capital of the Bank

According to Section 14A of the Bank Company Act of 1991, no person, company, or member of the same family can purchase more than ten percent of a bank's shares, either individually, jointly, or in both ways. There were no shareholders holding 10% or more shares in the paid-up capital of the bank, either individually or jointly, or in both ways, during the year 2022.

## 8.11 Disclosure about Family Influence in the Bank

No person, no company, or member of the family, either individually or jointly, or in both ways, holds 10% or more shares of the paid-up capital of the bank. Therefore, there is no family influence in the bank because no individual or single family holds a majority share of the bank to control it unilaterally.

## 9. ENVIRONMENTAL AND SOCIAL OBLIGATIONS

### 9.1 Board's oversight/Bank's policies and practices relating to environment, society and jurisdiction it operates

As a responsible stakeholder of the society, SJIBL has been addressing the issue of environmental and social development ranging from sustainable banking practices and making CSR to the society it operates. Sustainable development is an important and integral part of the pursuit of value creation for the customers, the employees, and the society. We are exerting our continuous effort to set sustainability as an integral part of the overall business strategy.

### 9.1.1 Bank's policies and practices relating to environment

SJIBL recognizes that environmental issues are core risks that must be regularly addressed by the Board of Directors. To ensure that its banking practices are sustainable, the Board has approved a Green Banking Policy and Environmental and Social Risk Management Guidelines. Prior to approving any investment, the Board or Management conducts "Environmental Due Diligence" (EDD) to assess potential risks. During the year 2022, SJIBL did not finance any high-risk projects, such as ship-breaking or tanneries.

### 9.1.2 Bank's policies and practices relating to society and jurisdiction it operates

As a responsible stakeholder of the society, SJIBL made CSR with especial focus on education, health care, poverty alleviation, disaster management, etc. The bank approved a significant amount of CSR for the society it operates in. During the year 2022 the bank expensed an amount of Tk.325.36 million in CSR activities which is 39.68% higher than that of 2021.

## 9.2 SJIBL's Disclosure of specific activities undertaken by the Bank in pursuance of these policies and practices

SJIBL is prioritizing sustainability and the health of the Earth and moving away from traditional investment/financing approaches. To do so, the bank has made its investment appraisal process more stringent from an "Environmental and Social Risk Management" (ESRM) perspective, evaluating all environmental and social factors before approving any investment. This approach is designed to ensure that SJIBL's investments are sustainable and support the health of the planet.

### 9.2.1 Participation in national programs and assistance to disadvantaged group

- i) **In response to disaster, pandemic and national call:** The bank donated an amount of Tk. 100.00 million to Prime Minister's Disaster Management Fund for the help of flood affected people of Bangladesh.
- ii) **Development of neighborhood and the community:** SJIBL is actively engaged with development of neighborhood and the community. The Bank is participating in increasing community events to addressing tough issues such as affordable housing, poverty alleviation, ensuring education and health care for poor people etc. Community engagement can help the bank connect with their residents to address these pressing issues together.

- iii) **Development of sports/culture, research & technical education:** The bank is contributing to the development of sports, culture, research & technical education of the country. Each year the bank donates a substantial amount for development of sports, culture, research & technical education.

- iv) **Health care sector:** During the year the bank expensed Tk. 30.28 million in health care of people of the community it operates.

- v) **Education:** The bank expensed Tk. 50.72 million for scholarship to poor meritorious students and infrastructural development of educational institutions.

- vi) **Distribution of warm cloths:** An amount of Tk. 98.82 million expended for distribution of warm cloths to the cold stricken people of Bangladesh.

### 9.2.2 Activities towards sustainable environment

SJIBL is creating a sustainable business by integrating sustainability into all of its products and services. SJIBL has designed its products and services to ensure environmental benefits in the economy and society. The products, services, and investments of the bank play an important role in the lives of individuals, businesses, and communities. The bank extends investment facilities to clients whose business activities reduce ecological damage, promote energy efficiency, and support communities. The following initiatives have been taken by SJIBL to create a sustainable business environment:

- Recycling/re-use of water and waste: SJIBL is financing to the water treatment plant for recycling/reuse of water and waste management plant.
- Effluent Treatment for curbing pollution: The bank is emphasizing on financing the Effluent Treatment Plant for curbing pollution.
- Lessening of toxic emission: The Bank is not financing to the projects which are responsible for the toxic emission.
- Organizational response towards climate change
- Use of Green Financing
- A greater focus on green products for investment.
- The growth of sustainable finance through more agriculture and SME investment.
- The reduction of unnecessary energy consumption (electricity, fuel, water).
- The reuse of paper and other printing stationary items.
- The promotion of digital products and services.

### 9.3 SJIBL's initiatives towards sustainable banking

The Board and Management will not approve any investment unless the following conditions are met, as applicable:

- Site/Location Clearance Certificate
- Environmental Clearance Certificate
- Environmental Impact Analysis (EIA) Report

**In addition, the following steps have been taken:**

- Environmental Risk Rating is included in investment proposals, as applicable.
- No disbursements are allowed for projects that pose a high environmental threat.

- Environmental CSR is donated from the climate risk fund with approval from the Board.
- Details of specific activities undertaken in this regard are disclosed in the "Sustainability Report" on page no. 162.

### 9.4 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an integral part of the business and an urgent priority. The pursuit of profit must also consider the impact on society. Aligned with this philosophy, Shahjalal Islami Bank Limited is committed to conducting its business operations in a responsible and sustainable manner, thereby making social responsibility an integral part of the organizational culture. In 2022, the bank spent Tk. 325.36 million on CSR activities.

### 9.5 Certificates and checklists reference

Sl. No.	Report Name	Page No.
1	Declaration by CEO and CFO	382
2	Compliance Certificate on Corporate Governance Code	383
3	Compliance Status of BSEC Notification	384
4	Compliance Status of Bangladesh Bank Guidelines	399