

CORPORATE GOVERNANCE OF SJIBPLC

Shahjalal Islami Bank PLC. (SJIBPLC) prioritizes the reliability of its financial reporting system and the adherence to stringent accounting principles and regulations. The Board of Directors recognizes the vital role of robust internal controls and effective risk management in achieving sound corporate governance. In order to adhere to standards and maintain a strong internal control environment, the Board has implemented a comprehensive system of internal controls and established a well-defined organizational structure. This structure ensures clear lines of responsibility, authority, limitations, and accountability, meticulously aligned with the bank's business and operational requirements. By upholding these standards, the bank aims to maintain transparency, integrity, and trustworthiness in its financial operations, thereby fostering confidence among stakeholders

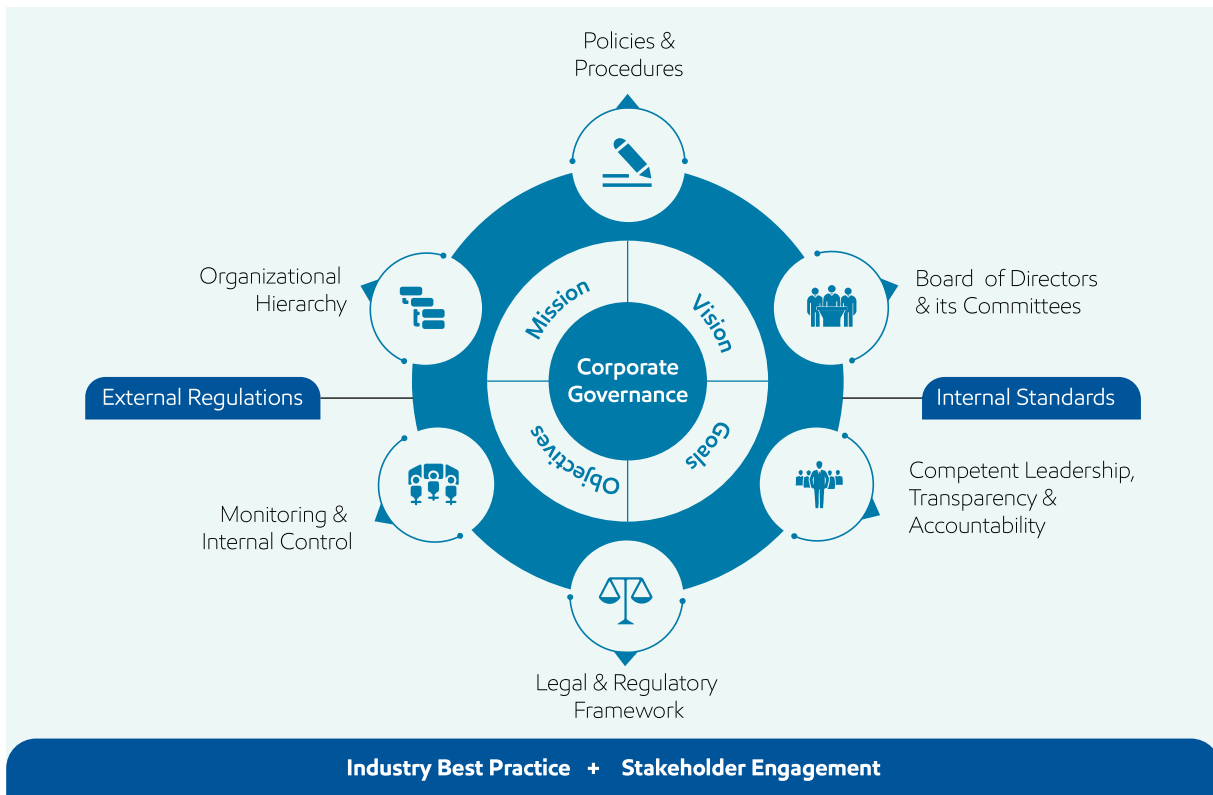
and contributing to the bank's overall success and sustainability.

Corporate Governance Practices in SJIBPLC.

SJIBPLC stands out for its dedication to responsible and ethical banking. This commitment is reflected through its implementation of the highest international corporate governance standards, fostering a culture that drives sustainable performance, customer-centricity, innovation, and collaboration. SJIBPLC's proactive approach to corporate governance is evident in its comprehensive report, which not only demonstrates full compliance with regulations set by the Bangladesh Bank and the Bangladesh Securities and Exchange Commission but also provides in-depth insights into its commitment to best practices.

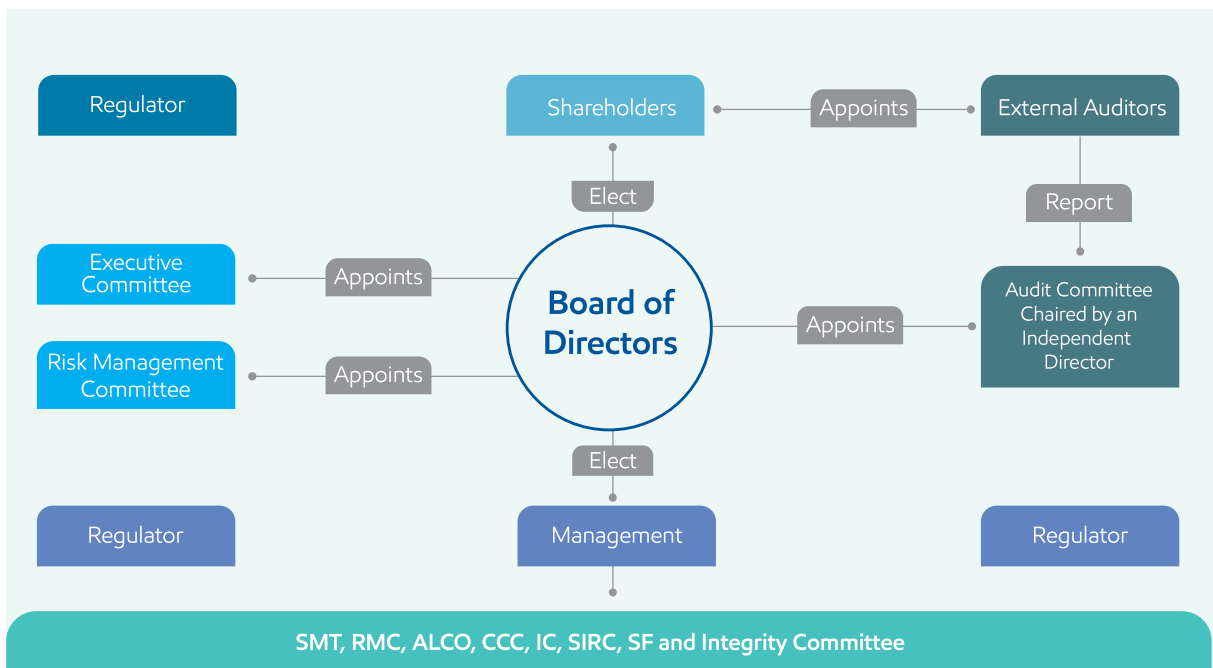


A Board Meeting in progress



Governance structure of the Bank

The Board of Directors plays a pivotal role in shaping the bank’s governance framework and practices through its strategic decisions and leadership. The Board holds ultimate responsibility for designing and implementing effective governance mechanisms, including the selection and appointment of members of subcommittees. To ensure resilience in the face of unforeseen events that could potentially harm the bank’s brand value, the bank’s risk management and overall support functions have been designed to be fully independent of the ordinary course of business.



Guiding philosophy of governance practices

Shahjalal Islami Bank PLC. (SJIBPLC) is a locally incorporated bank deeply committed to inclusive and sustainable growth. Principles of good governance are fundamental to SJIBPLC's core values, and the following acts, regulations, notifications, and circulars have played a major role in shaping the bank's governance structure and practices:

External

- The Companies Act, 1994 as amended
- The Bank Company Act, 1991 as amended
- Bangladesh Securities and Exchange Commission (BSEC) Ordinance 1969, Rules 1987, Act 1993 and Public Issue Rules 2015
- Circulars, Rules and regulations issued by Bangladesh Bank time to time
- Dhaka Stock Exchange PLC. and Chittagong Stock Exchange PLC. rules and regulations
- Financial Reporting Act 2015

Internal

- Articles of Association of SJIBPLC
- Organizational Structure
- Resolutions of meetings of Management Committees
- Board approved policies on all major operational aspects
- Code of Conduct of SJIBPLC.
- Internal Circulars

Value Creation through Corporate Governance Framework

SJIBPLC's commitment to sound corporate governance is not merely a compliance exercise; it is the cornerstone of its value creation journey. There is now a broad consensus that governance has a significant impact on value creation. A sound corporate governance system reduces risks, improves capital flow, enhances reputation, and facilitates better decision-making, all of which contribute to the bank's value. SJIBPLC.'s corporate governance-driven value creation is as follows:



1. BOARD OF DIRECTORS, CHAIRMAN AND CEO

SJIBPLC.'s Board of Directors comprises Nineteen non-executive directors, including the Chairman, representing diverse expertise and experience. This composition, including three independent directors as mandated by Section 15 of the Bank Company Act 1991, ensures well-rounded perspectives for informed decision-making. Senior Management, monitors compliance with established policies and procedures, regularly reporting their findings and recommendations to the Board. Any potential violation of corporate governance is taken seriously and addressed promptly through a well-defined investigation and disciplinary process.

Composition of Board and its Committees

SL	Name of Directors	Board	Executive Committee	Audit Committee	Risk Management Committee
1	Mr. A.K. Azad	Chairman	-	-	-
2	Mr. Mohammed Younus	Vice-Chairman	Member	-	Member
3	Mr. Mohiuddin Ahmed	Vice-Chairman	Member	-	Member
4	Dr. Anwer Hossain Khan, MP	Director	Member	-	Member
5	Mr. Md. Sanaullah Shahid	Director	Member	-	-
6	Mr. Abdul Karim (Nazim)	Director	-	-	-
7	Mr. Md. Abdul Barek	Director	-	-	-
8	Mr. Abdul Halim	Director	-	Member	-
9	Mr. Akkas Uddin Mollah	Director	Chairman	-	-
10	Mr. Khandaker Sakib Ahmed	Director	-	Member	Member
11	Engr. Md. Towhidur Rahman	Director	Member	-	Chairman
12	Mr. Fakir Akhtaruzzaman	Director	Vice-Chairman	-	-
13	Mr. Md. Moshir Rahman Chamak	Director	-	-	-
14	Mrs. Tahera Faruque	Director	-	-	-
15	Mrs. Jabun Nahar	Director	-	-	-
16	Mr. Fakir Mashrikuzzaman	Director	-	-	-
17	Mr. Ekramul Hoque	Independent Director	-	Member	-
18	Mr. K.A.M. Majedur Rahman	Independent Director	-	Chairman	-
19	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director	-	Member	-
20	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, the Board boasts in-depth knowledge in banking, economics, IT, accounting, marketing, administration, and engineering, enriching strategic decision-making and propelling the Bank towards long-term success.

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 Bank's operational affairs are governed and managed under the overall strategic and prudent policies approved by the Board, which also sets the core values and adopts appropriate standards to ensure compliance with relevant laws, rules, and regulations. The Board's main roles and responsibilities include 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 a tailored induction program that immerses them in the bank's affairs, covering key areas like corporate governance, risk management, and financial reporting, along with relevant laws and regulations. This personalized approach ensures each director receives the necessary knowledge and understanding to excel in their role. Through insightful meetings with the Chairman, the Managing Director and CEO, the Board Committee Chairs, and experienced executives, new directors gain valuable perspectives and build strong relationships within the bank.

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 SJIBPLC. will retire and be reappointed at the 23rd Annual General Meeting.

List of the Directors who were retired, appointed/re-appointed during 01-01-2023 to 31-12-2023

SL	Name of the Director	Designation	Remarks
1	Mr. Akkas Uddin Mollah	Director	Appointed (Rep. of Akkas Uddin Mollah Ltd.)
2	Mr. Mohiuddin Ahmed	Director	Retired and Re-appointed
3	Mr. Khandaker Sakib Ahmed	Director	Retired and Re-appointed
4	Mr. Abdul Halim	Director	Retired and Re-appointed
5	Engr. Md. Towhidur Rahman	Director	Retired and Re-appointed
6	Mrs. Tahera Faruque	Director	Retired and Re-appointed
7	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director	Re-appointed

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 SJIBPLC. have complied with this BSEC Notification accordingly.

Shares held by the Directors:

SL	Name of Directors	Position	No of Shares	% of Share
1	Mr. A.K. Azad	Chairman	42,430,946	3.81%
2	Mr. Mohammed Younus	Vice-Chairman	27,515,773	2.47%
3	Mr. Mohiuddin Ahmed	Vice-Chairman	22,271,085	2.00%
4	Dr. Anwer Hossain Khan, MP	Director	33,270,405	2.99%
5	Mr. Md. Sanaullah Shahid	Director	28,481,986	2.56%
6	Mr. Abdul Karim (Nazim)	Director	22,259,439	2.00%
7	Mr. Md. Abdul Barek	Director	22,259,536	2.00%
8	Mr. Abdul Halim	Director	27,074,243	2.43%
9	Mr. Akkas Uddin Mollah	Director	22,348,900	2.01%
10	Mr. Khandaker Sakib Ahmed	Director	22,260,338	2.00%
11	Engr. Md. Towhidur Rahman	Director	25,009,097	2.25%
12	Mr. Fakir Akhtaruzzaman	Director	22,259,997	2.00%
13	Mr. Md. Moshir Rahman Chamak	Director	22,471,147	2.02%
14	Mrs. Tahera Faruque	Director	34,463,724	3.10%
15	Mrs. Jabun Nahar	Director	22,805,516	2.05%
16	Mr. Fakir Mashrikuzzaman	Director	33338067	3.00%
17	Mr. Ekramul Hoque	Independent Director	-	-
18	Mr. K.A.M. Majedur Rahman	Independent Director	-	-
19	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director	-	-
20	Mr. Mosleh Uddin Ahmed	Managing Director	-	-

1.1.5 Directors' Remuneration

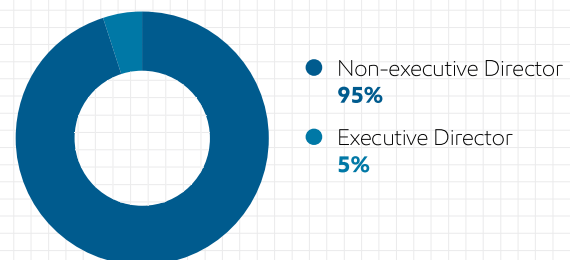
In line with best governance practices and Bangladesh Bank guidelines, SJIBPLC maintains a transparent system for director remuneration. Directors are entitled to receive Tk. 8,000 for attending each Board and committee meeting, ensuring their valued contributions are recognized. Directors are not entitled to any other remuneration than attending the meeting of the Board and its committees. Additionally, they receive their share of dividends, like any other shareholder. SJIBPLC adheres to all applicable rules and regulations set by Bangladesh Bank and BSEC regarding director remuneration.

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 SJIBPLC., 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

SJIBPLC's commitment to good governance is evident in its dedicated team of three independent directors—individuals of undeniable integrity and diverse expertise. Serving as the bank's guardians of transparency and accountability, they play a pivotal role in safeguarding shareholder interests and guiding SJIBPLC toward sustainable growth.

Rigorously evaluated and approved by shareholders at the AGM, followed by endorsement from Bangladesh Bank and the Bangladesh Securities and Exchange Commission (BSEC), these esteemed directors bring a unique blend of knowledge, skills, and experience to the table. This distinguished group includes a seasoned chartered accountant and two former CEOs of leading banks, whose strategic insights and industry knowledge have significantly influenced critical initiatives.

Their presence has demonstrably strengthened SJIBPLC's risk management framework, elevated ethical standards, and contributed to positive outcomes,

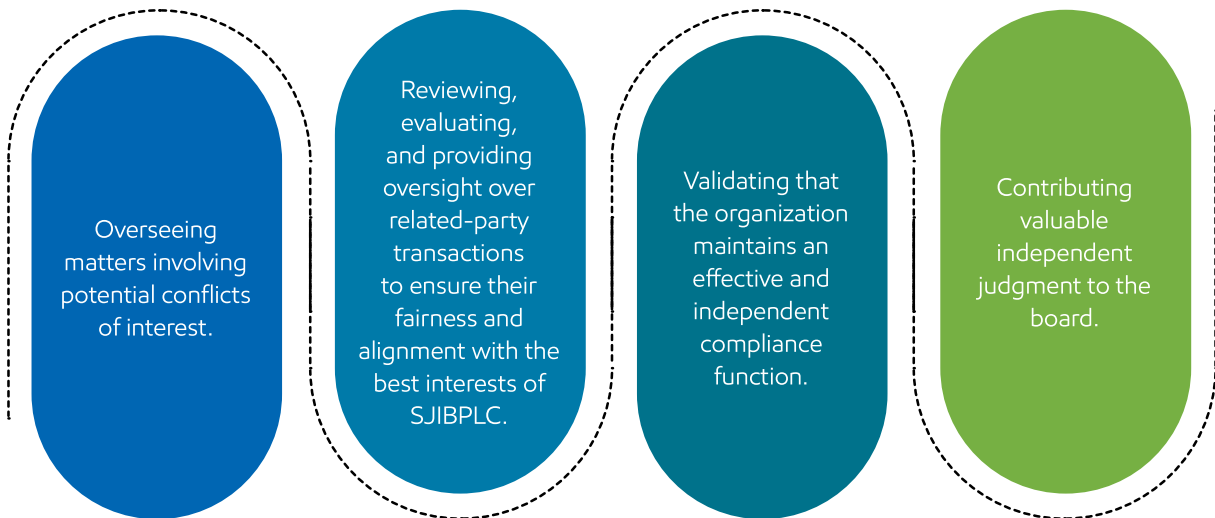
solidifying the bank's position as a leader in responsible and ethical banking.

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 complete freedom to carry out their assigned responsibilities. They maintain an objective view on the policies and decisions of the Board in the best interests of the bank. To comply with regulatory requirements, SJIBPLC's Independent Directors do not hold any shares of the bank.

1.3.2 Role of Independent Directors

The bank upholds the criterion for independence by appointing directors who are non-shareholders in the bank and maintain no family or other affiliations with the board of directors, executives, or management. In addition to their roles as directors, independent directors also undertake the following responsibilities:



1.4 Chairman to be independent of CEO

In accordance with Bangladesh Bank Guideline as well as Clause 1(4) of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on the Corporate Governance Code, dated June 3, 2018, the bank strictly adheres to the separation and independence of functional responsibilities between the Chairman of the Board and the Managing Director and CEO. The Board has appointed Mr. A.K. Azad as the Chairman and Mr. Mosleh Uddin Ahmed as the Managing Director and CEO of the bank.

The Chairman of the Board plays a pivotal role in approving the agendas for board meetings. This responsibility encompasses the approval of investment proposals beyond the CEO's authority and considerations related to the bank's corporate strategy, financial performance, core risks, credit policy, corporate governance, corporate social responsibility (CSR), organizational structure, human resources policy, customer service strategies, and procurement policy.

On the other hand, the CEO serves as the head of the management team and is directly accountable to the board and its committees. Their role involves the effective

management and operation of the bank in alignment with prescribed policies, principles, and strategies established by the Board. Additionally, the CEO is responsible for adhering to the rules, regulations, and guidelines of the Central Bank, the Bangladesh Securities and Exchange Commission (BSEC), and other relevant regulatory authorities.

1.5 Roles and Responsibilities of the Chairman of the Board

In accordance with Bangladesh Bank Guidelines, and the Corporate Governance Code issued by the BSEC on June 3, 2018, the Chairman of the Board of Directors holds 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 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 planning 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 autonomy in discharging their duties, with unrestricted access to information and the freedom to express dissenting opinions. This cultivates a culture of open dialogue and well-informed decision-making. In addition to their attendance at board meetings, they play an active role in specialized committees, engage with management, and offer strategic guidance derived from their industry expertise. Their significant contributions have played a pivotal role in shaping strategic initiatives. Furthermore, their firm commitment to confidentiality ensures the secure handling of sensitive information, thereby safeguarding the bank's reputation and maintaining stakeholder trust.

1.6 Annual Appraisal of the Board's Performance and disclosure

Shareholder scrutiny lies at the core of SJIBPLC's governance framework. The Annual General Meeting

(AGM) serves as a platform where shareholders meticulously evaluate the bank's financial health, internal controls, and overall governance, holding the board accountable for driving sustainable growth and shareholder value. During the AGM, shareholders have the opportunity to pose questions and make inquiries to the board, and the Chairman ensures a patient hearing, responding comprehensively to all queries.

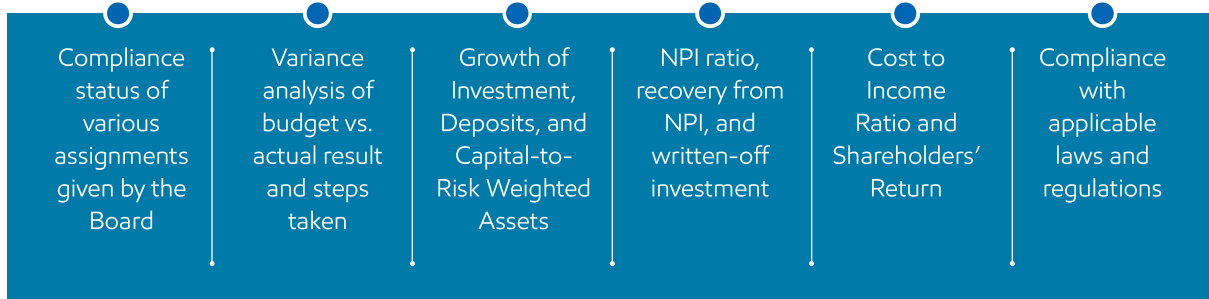
The board's performance undergoes evaluation based on specific parameters, including shareholder return, share price, return on capital employed, earnings per share, and other relevant metrics. Each board meeting emphasizes the attendance and active participation of directors on various agenda items, reviewing the adequacy and effectiveness of the internal control system and the 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. This structured approach underscores SJIBPLC's commitment to transparency, accountability, and continuous improvement in its governance practices.

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

The Board of Directors of SJIBPLC. 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.



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.

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.

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

SJIBPLC's Director Training Policy is a pillar of good governance, empowering its directors to navigate the evolving banking landscape and make informed decisions that propel sustainable growth and competitive advantage. This comprehensive program offers continuous updates on relevant legislation, policies, and regulations, along with insightful discussions with experts on complex topics. Directors actively participate in external business, economic, and corporate governance programs, further enriching their perspectives. Beyond equipping new directors with essential knowledge through customized briefings and an exhaustive induction package, the policy ensures all directors understand their legal and statutory obligations, the bank's governance structure, key policies, and committee responsibilities. This commitment to ongoing development translates into a board of directors fully prepared to guide SJIBPLC towards a successful future.

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), possesses

extensive experience in finance and accounting. Two of our board members have previously served as managing directors of private commercial banks, demonstrating their profound knowledge in the fields of banking, finance, and accounting. Another director holds a Ph.D., while a fellow board member is a former president of FBCCI, the country's premier business forum. The remaining board members include successful entrepreneurs and seasoned professionals with extensive expertise in business, economics, and administration. Together, they provide invaluable guidance on matters related to accounting and auditing issues, ensuring compliance and promoting reliable financial reporting.

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

The Board meeting is typically held once a month, with the provision for additional meetings if deemed necessary. In preparation for each board meeting, management provides all directors with comprehensive information, references, and discussion papers for each agenda item. The Company Secretary, following the instructions of the Chairman of the Board, takes the necessary steps to organize regular board meetings throughout the year. The total number of meetings held in 2023 is as follows:

Sl. No.	Particulars	No. of Meeting
1	Number of Board meeting	18
2	Number of Executive Committee (EC) meeting	23
3	Number of Audit Committee meeting	10
4	Number of Risk Management Committee (RMC) meeting	6

1.10.1 Board Meeting attendance and remuneration

The following is a statement of board meetings held in 2023, as well as the attendance of directors from January 1, 2023, to December 31, 2023:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per Meeting)
1	Mr. Mohammed Younus	Chairman	18	17	8,000
2	Mr. Mohiuddin Ahmed	Vice-Chairman		15	8,000
3	Mr. Abdul Karim (Nazim)	Vice-Chairman		18	8,000
4	Dr. Anwer Hossain Khan	Director		13	8,000
5	Mr. Md. Sanaulah Shahid	Director		17	8,000
6	Mr. Md. Abdul Berek	Director		14	8,000

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per Meeting)
7	Mr. Abdul Halim	Director		13	8,000
8	Mr. Akkas Uddin Mollah	Director		14	8,000
9	Mr. Khandaker Sakib Ahmed	Director		18	8,000
10	Engr. Md. Towhidur Rahman	Director		17	8,000
11	Mr. A.K. Azad	Director		11	8,000
12	Mr. Fakir Akhtaruzzaman	Director		14	8,000
13	Mr. Mohammed Nasir Uddin Khan	Director		16	8,000
14	Mr. Md. Moshir Rahman Chamak	Director		13	8,000
15	Mrs. Tahera Faruque	Director		14	8,000
16	Mrs. Jabun Nahar	Director		16	8,000
17	Mr. Fakir Mashrikuzzaman	Director		17	8,000
18	Mr. Ekramul Hoque	Independent Director		16	8,000
19	Mr. K.A.M. Majedur Rahman	Independent Director		9	8,000
20	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director		15	8,000

1.10.2 Board Committees and their responsibilities

The Bangladesh Bank issued guidelines allowing banks to establish a maximum of three committees or subcommittees of the Board to enhance governance in banking operations. In adherence to this circular, SJIBPLC has constituted an Executive Committee, an Audit Committee, and a Risk Management Committee. These committees are tasked with overseeing and controlling the bank's operations, performance, and strategic direction, aligning with the regulatory guidelines set by the Bangladesh Bank.

Executive Committee (EC)

The Board of Directors of SJIBPLC has established the Executive Committee (EC) consisting of 7 (seven) members, as per Section 15B (2) of the Bank Company Act 1991 and relevant guidelines. The company secretary serves as the secretary of the committee.

The EC normally serves as a proxy for the Board of Directors, holds emergency meetings, and undertakes various responsibilities to ensure the seamless functioning of banking operations. However, any decision made by the committee requires validation by the full board. Throughout the year 2023, the EC conducted 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, 2023, to December 31, 2023:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Mr. Akkas Uddin Mollah	Chairman	23	19	8,000
2	Mr. Fakir Akhtaruzzaman	Vice Chairman		17	8,000
3	Dr. Anwer Hossain Khan	Member		15	8,000
4	Mr. Md. Sanaullah Shahid	Member		20	8,000
5	Mr. Mohiuddin Ahmed	Member		21	8,000
6	Mr. Khandaker Sakib Ahmed	Member		22	8,000
7	Mr. Engr. Md. Towhidur Rahman	Member		19	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 Guidelines 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 SJIBPLC. has constituted a 5 (five) member Risk Management Committee (RMC) in accordance with Bangladesh Bank Guideliens. 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 2023, the RMC held 6 (Six) meetings and had thorough conversations and review sessions with the CRO about their findings, observations, and recommendations on issues affecting the bank's affairs.

Risk Management Committee meeting, attendance and remuneration

The statement of the Risk Management Committee meetings, attendance, and remuneration from January 1, 2023, to December 31, 2023, is appended below:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Mr. Engr. Md. Towhidur Rahman	Chairman	06	06	8,000
2	Dr. Anwer Hossain Khan	Member		00	8,000
3	Mr. Mohiuddin Ahmed	Member		05	8,000
4	Mr. Fakir Mashrikuzzaman	Member		05	8,000
5	Mr. K.A.M. Majedur Rahman	Member		04	8,000

1.10.1 Key activities performed by the Board in 2023

The operational affairs of the bank are governed and managed according to the overall strategic and prudent policies approved by the Board. Additionally, the Board establishes the core values of the bank and adopts appropriate standards to ensure that the bank conducts its operations in strict compliance with relevant laws, rules, and regulations. The key activities performed by the Board in 2023 include:

- Authorization of the quarterly financial statements of 2023 and annual financial statements for 2022
- Approval of the annual business plan for 2024
- Adoption of the director's report for 2022
- Appointment of statutory and corporate governance auditors and determination of their remuneration
- Convening of the annual general meeting
- Declaration of dividends for the year 2022
- 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 2024
- Discussion and decision-making on anti-money laundering issues
- Discussion and decision-making on ethical issues
- Discussion and decision-making on 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



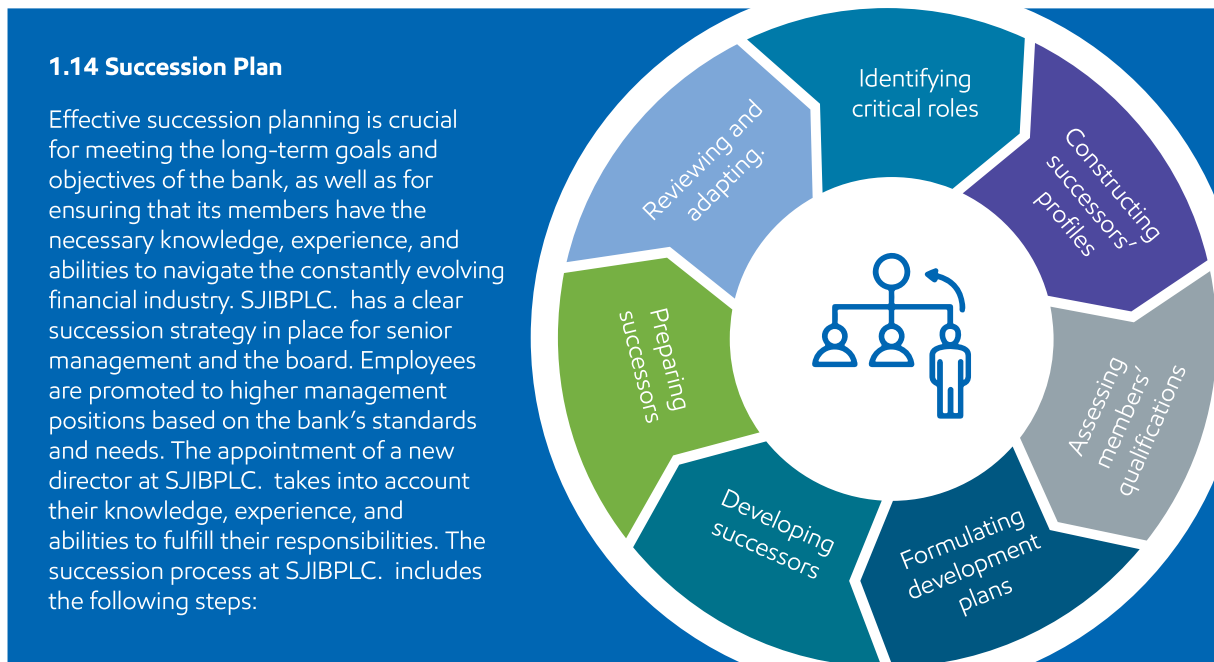
and applies suitable accounting policies, and makes reasonable judgments and estimates where necessary. A separate statement of the directors' responsibility for financial reporting and corporate governance is given on pages 344 and 345 of this Annual Report.

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 SJIBPLC., 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.



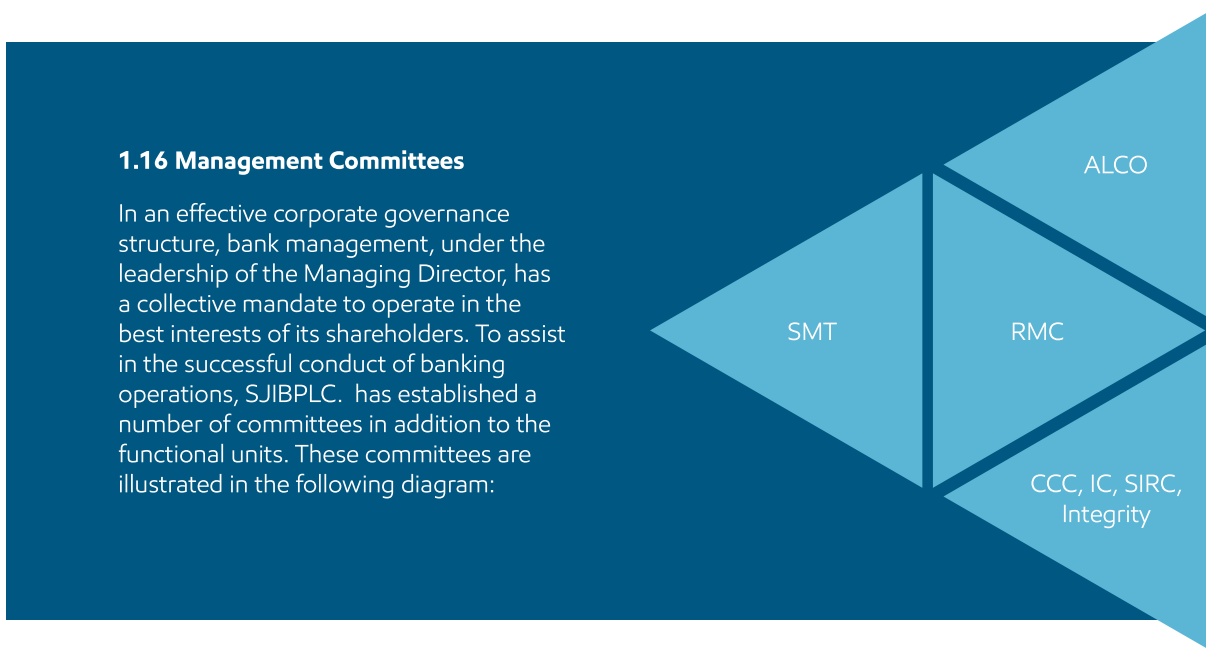
1.15 Related Party Transactions

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 501 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 keep 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'.



i) Senior Management Team (SMT)

The Senior Management Team (SMT) is comprised of all Additional Managing Directors (AMDs), Deputy Managing Directors (DMDs), the Chief Financial Officer (CFO), the Head of IC&CD. This team collectively guides the bank for sound and prudent day-to-day management. The SMT is chaired by the Managing Director.

The decision-making process within the SMT is characterized by openness and transparency, aiming to promote a proactive management culture. The collaborative approach of the SMT ensures that key decisions are made with consideration of diverse perspectives and expertise within the team.

ii) Supervisory Review Process (SRP) Team

The SRP Team consists of the divisional heads of ID, IRMD, IC&CD, Treasury, SAMD, FAD, 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 Risk Management Committee (RMC) is composed of the divisional heads of IRMD (Integrated Risk Management Department), ICCD (Internal Control

and Compliance Department), AMLD (Anti-Money Laundering Department), ITD (Information Technology Department), Treasury Division, and FAD (Financial Administration Division). The RMC is led by the Chief Risk Officer.

The primary role of the RMC is to identify, measure, and manage the bank's existing and potential risks through rigorous risk analysis. This committee plays a pivotal role in implementing comprehensive risk management strategies to safeguard the bank's interests and maintain compliance with relevant regulations. The collaborative efforts of the RMC contribute to the development and execution of effective risk mitigation measures across various operational domains.

iv) Investment Committee (IC)

The Investment Committee (IC), led by the Chief Business Officer (CBO), is responsible for deliberating on all critical investment proposals that necessitate formal review and approval. The IC convenes to discuss investment proposals that require specific consideration from senior management prior to approval. This committee plays a crucial role in assessing the feasibility, risks, and strategic alignment of investment opportunities, providing valuable insights that inform the decision-making process within the organization. The involvement of senior management

in the IC ensures that significant investments undergo a thorough evaluation before receiving formal approval.

v) Asset-Liability Management Committee (ALCO)

The Asset and Liability Management Committee (ALCO) is comprised of the Managing Director, Additional Managing Directors, Deputy Managing Directors, and Divisional Heads of Strategic Importance. The Treasury Division, under the purview of ALCO, is responsible for managing market risk, including liquidity risk, interest rate risk, and foreign exchange risk, based on the recommendations provided by ALCO. This collaborative structure ensures that the organization effectively addresses and manages risks associated with its assets and liabilities in alignment with strategic objectives and market conditions.

vi) Anti-Money Laundering (AML) Committee

The Anti-Money Laundering (AML) Committee is responsible for managing and monitoring all matters related to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). One of the key responsibilities of the AML Committee is to ensure that all employees receive training on anti-money laundering at least once a year. This training is essential to enhance awareness and compliance among staff members and to strengthen the overall measures taken by the organization to prevent money laundering and combat the financing of terrorism. The AML Committee plays a crucial role in promoting a culture of vigilance and adherence to regulatory standards within the organization.

vii) Sustainable Finance Committee (SFC)

The Sustainable Finance Committee of the bank ensures that all green banking activities are conducted in alignment with the bank's policies. The bank's Sustainable Finance Unit (SFU) plays a key role in keeping the Sustainable Finance Committee (SFC) regularly informed about advancements in green banking. This collaborative approach helps to maintain the bank's commitment to sustainable practices and ensures that its green banking initiatives adhere to established policies and standards.

viii) Procurement Committee (PC)

The Procurement Committee (PC) plays a crucial role in ensuring that the procurement of all goods and services is carried out efficiently, economically, and objectively. The primary goal of this committee is to uphold transparency in all tender processes. SJIBPLC. has proactively implemented an E-Tender system to facilitate impartial judgment and enhance the transparency of procurement procedures. This

electronic system contributes to a fair and efficient procurement process in line with best practices.

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 SJIBPLC.

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 the following:

- 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 Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Control & Compliance (IC&CD), and Company Secretary (CS) from the bank attend board meetings. However, it is noted that they do not participate in meetings where agenda items related to their personal affairs are being discussed. This practice ensures transparency, independence, and the avoidance of any potential conflicts of interest, allowing the board to address matters related to these key individuals in an impartial and objective manner. This approach aligns with good governance principles and contributes to the effective functioning of the board.

1.22 Governance of Board of Directors of Subsidiary Company

Shahjalal Islami Bank PLC. 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. Mohammed Younus	Vice Chairman	Chairman	Bank holds 91.79% Shares
2	Mr. Md. Sanaullah Shahid	Director	Vice Chairman	
3	Mr. Mohiuddin Ahmed	Director	Vice Chairman	
4	Mr. Md. Abdul Berek	Director	Director	
5	Mr. Abdul Halim	Director	Director	
6	Mr. M. Shamsul Huq	-	Director	
7	Mr. Nasir Uddin Ahmed FCA FCS	Independent Director	Independent Director	
8	Mr. Mosleh Uddin Ahmed	MD	Director	
9	Mr. Abdul Aziz	AMD	Director	
10	Mr. Mian Quamrul Hasan Chowdhury	AMD	Director	
11	Mr. Md. Akhter Hossain	AMD	Director	
12	Mr. M. M. Saiful Islam	DMD	Director	
13	Mr. Md. Abul Bashar	SEVP	Director	
14	Mr. Md. Jafar Sadeq, FCA	SEVP	Director	
15	Mr. Bishnu Pada Kundu	CEO	Director	

2. VISION/MISSION AND STRATEGY

2.1 Vision / Mission Statements of SJIBPLC.

The bank's vision and mission statement, as approved by the Board of Directors, can be found on page 12 & 13 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 on Strategic Focus on page 187 of this Annual Report.

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

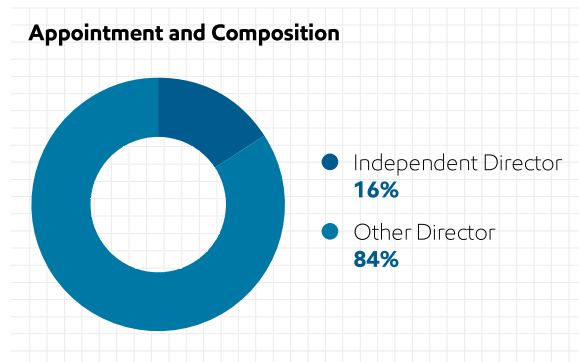
At the start of each year, SJIBPLC. develops strategies and action plans that are in line with the bank's mission, vision, and business objectives. The Board's strategic priorities, as directed from time to time, are provided in this annual report. The "Strategic Framework" section on page 190 of this 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 sub-committee 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 Guidelines 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.

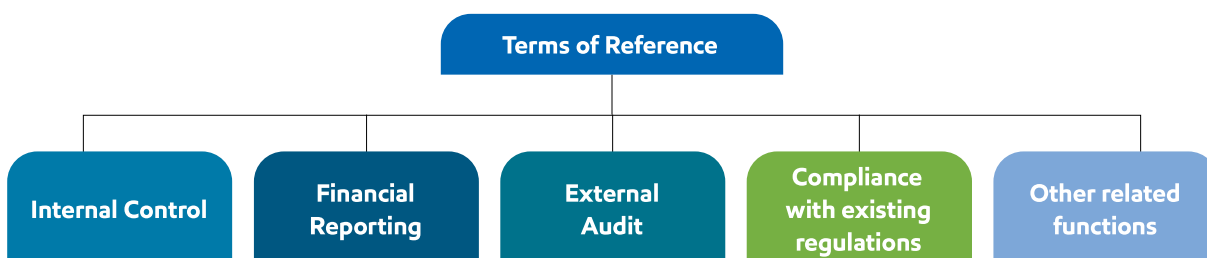


3.1.1 Chairman of the Audit Committee as an Independent & Non-Executive Director and his qualification

The bank's Audit Committee is chaired by Mr K.A.M Majedur Rahman, 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. Mr. Mr K.A.M Majedur Rahman has made a significant contribution to the banking sector and the economy of Bangladesh.

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 it 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. Concurrently, the company secretary of the bank serves as the secretary to the Audit Committee, facilitating administrative support and coordination for the committee's activities.

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

The Audit Committee of SJIBPLC. consists of 5 (five) members, including 3 (three) independent directors. All the members of the Audit Committee of SJIBPLC. 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 K.A.M Majedur Rahman, who has banking background, got his Masters degree from the University of Dhaka. He was the Managing Director of Dhaka Stock Exchange PLC., Premier Bank PLC. As an independent director of the bank, Mr. Ekramul Hoque serves on the Audit Committee. He got his MA Degree in Economic from the University of Dhaka. He was the Managing Director of the Al Arafah Islami Bank PLC. 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. Khandaker Sakib Ahmed 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 10 (Ten) times during the year 2023. 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 businesses 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 2023 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, 2023 to December 31, 2023:

SL	Name of Directors	Position	Meeting Held	Attended	Remuneration (Per meeting)
1	Mr. Ekramul Hoque	Chairman	10	10	8,000
2	Mr. Abdul Halim	Member		07	8,000
3	Mr. Md. Moshir Rahman Chak	Member		07	8,000
4	Mr. K.A.M. Majedur Rahman	Independent Director		06	8,000
5	Mr. Nasir Uddin Ahmed FCA, FCS	Independent Director		08	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 SJIBPLC. to ensure transparency and accountability. In the absence of the 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 SJIBPLC. during the year 2023.

3.1.10 Reporting to the Authorities

If the Audit Committee reports to the Board regarding any matter that significantly impacts the financial condition and operational results, and after discussions with the Board and management, it is determined that rectification is necessary but has been unreasonably ignored, the Audit Committee shall report its findings to the BSEC. This reporting occurs after the Audit Committee has notified the Board three times or after a period of six months from the date of the initial report to the Board, whichever comes first. In the year 2023, no such incidents occurred at SJIBPLC.

3.1.11 Reporting to the Shareholders and General Investors

The Audit Committee's activities report, including any reports made to the Board under condition No. 5(6)(a)(ii) of the BSEC Corporate Governance Code dated June 3, 2018, is duly signed by the Chairperson of the Audit Committee and disclosed in the Annual Report of the Bank. There was 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 2023.

3.2 Objective and Activities of Audit Committee

The Audit Committee conducts regular reviews of the bank's internal control systems. Additionally, they collaborate with management to review the bank's quarterly, semiannual, and annual financial statements before submitting them to the Board for consideration. The objectives and activities of the Audit Committee are detailed in the "Report on the Activities of the Audit Committee" on page 340 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 2023. This is discussed in detail on page 340 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 oversees the bank's compliance with applicable laws and regulations. It also reviews the effectiveness of the bank's internal control system on an ongoing basis to ensure that it is working properly. Additionally, the Committee reviews the actions taken to address any lapses identified in the internal control and compliance reports.

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

The Audit Committee oversees the timely settlement of all statutory dues. To ensure compliance in this regard, the committee instructs the Internal Control and Compliance Division to review the status of payment for all statutory dues and report their findings back 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 2023 to the shareholders at the 22nd 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 2023:

- Appraisal or valuation services or fairness of opinion;
- Financial information system design and implementation;
- Bookkeeping 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 conducted a review of the financial statements for the year 2023. It was observed that the financial statements were prepared in accordance with the appropriate accounting policies and applicable accounting standards established by the Institute of Chartered Accountants of Bangladesh (ICAB). The accounting methods were further verified by the statutory auditors, who expressed their satisfaction with the adequacy of the accounting methods as reflected in their report on page 425.

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 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 conducts regular inspections of commercial banks with the main objective of ensuring compliance with applicable laws and regulations. In line with this objective, Bangladesh Bank conducted a comprehensive inspection of SJIBPLC during the year

2023, covering the head office, selected branches, core risks, and various divisions, as is customary each year, and issued inspection reports. The bank promptly addressed the issues identified and responded to the report issued by Bangladesh Bank in a timely manner. Furthermore, the Audit Committee of the Board reviewed the compliance status of the Bangladesh Bank inspection report and instructed management to meticulously comply with Bangladesh Bank's recommendations.

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 2023, 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 terms of 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 SJBPLC. provides effective oversight of the whole process, including the

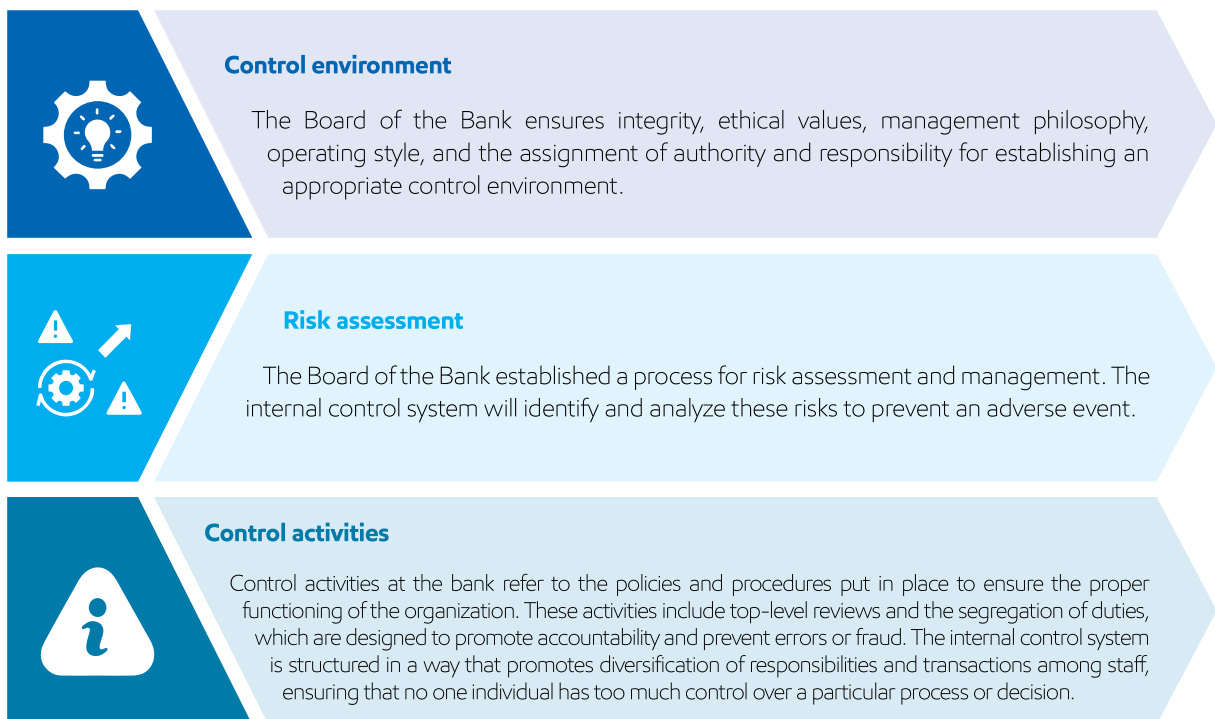
policies, processes, laws, regulations, tasks, behaviors, and other aspects of the bank. Internal Control & Risk Management facilitates the bank's effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance, and other risks to 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, aiming to achieve and maintain a satisfactory qualitative standard in its investment portfolio. Recognizing the importance of unbiased evaluations, the board implemented an internal control system that separates internal audits, ensuring their independence and immunity to management interference. Furthermore, 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, as well as 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:





Information and communication

Clear lines of communication facilitate the exchange of information within the bank, 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 PLC. 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. SJIBPLC. 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

SJIBPLC. 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 SJIBPLC. 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 2023 have been presented in the Risk Management Report of this annual report.

a) Investment Risk Management

The investment-related risks of SJIBPLC. 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. Independent execution of foreign exchange transactions by the Treasury Division, coupled with meticulous validation and accounting by the Treasury Back Office, ensures efficient execution, minimizes risk, and safeguards the bank's financial integrity.

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.

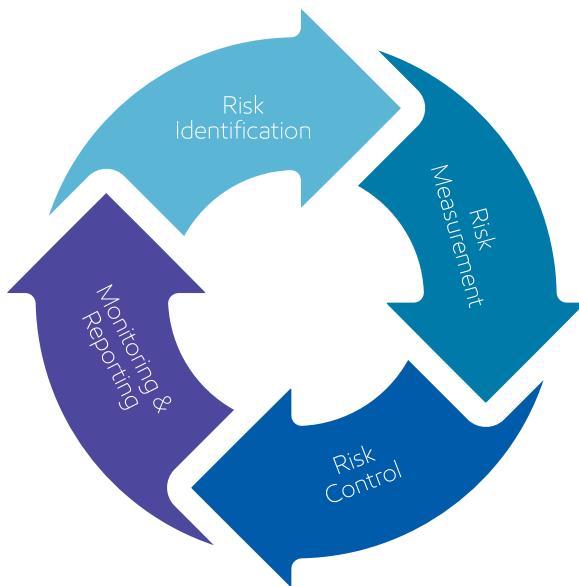
g) Liquidity Risk Management

To effectively manage liquidity risks, SJIBPLC 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



Within SJIBPLC, a three-tiered risk management framework ensures responsible banking practices. The business unit acts as the first line of defense, identifying and mitigating risks during routine operations. The Risk Management Division serves as the second line of defense, providing oversight, guidance, and independent risk assessments. Ultimately, the Board of Directors forms the third line of defense, setting risk

appetite, approving core risk policies, and making final decisions on risk-taking measures. This comprehensive framework ensures risks are managed proactively at every level. The Board also periodically reviews all core risk policy guidelines to ensure their effectiveness and relevance to the context.

SJIBPLC Operations Policy & Guidelines	▼
SJIBPLC Investment Risk Management Policy	▼
SJIBPLC Foreign Exchange Manual	▼
SJIBPLC ICT Security Policy	▼
SJIBPLC Islamic Credit Card Policy	▼

5. ETHICS AND COMPLIANCE

As a Shariah-compliant bank, the foundation and growth of SJIBPLC 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 SJIBPLC.

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 SJIBPLC. 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 a high level of ethics and compliance within SJIBPLC.

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

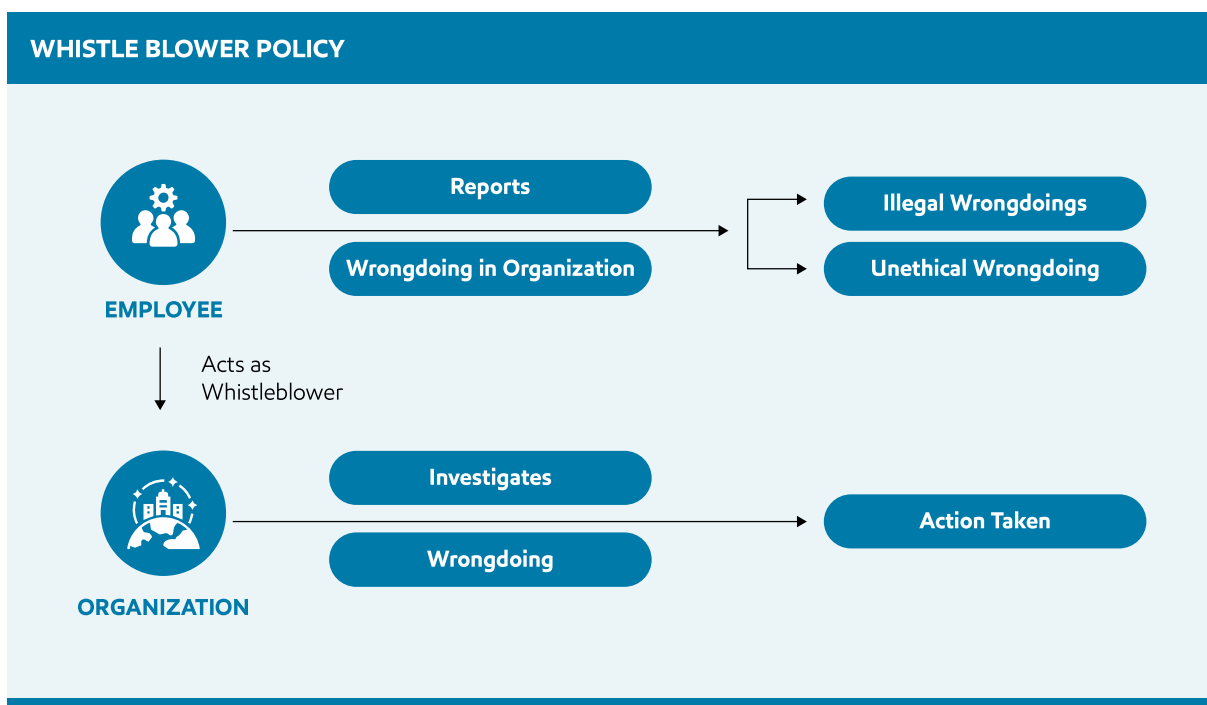
Insider trading involves trading in the bank's stock by directors, executives, or other insiders who possess non-public material information about that stock. Board members are strictly prohibited from engaging in insider trading activities concerning the purchase and sale of the bank's securities. They are prohibited from buying or selling securities while in possession of material non-public information about the issuer of that security, whether it is SJIBPLC or any other company. Furthermore, Board members are prohibited from disclosing such information to individuals who may use it to buy or sell securities. Insider trading is prohibited due to several reasons: it provides an insider with an unfair competitive advantage in the market, prioritizes the insider's interests over those to whom he or she has a fiduciary obligation, and permits 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. SJIBPLC 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 Whistleblower 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

SJIBPLC'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

SJIBPLC 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 SJIBPLC to effectively protect itself and its customers from the dangers of fraud.

5.4.4 Establishing a hotline for reporting irregularities, etc.

SJIBPLC has established a 24/7 hotline, with the number 16302, to provide customers and stakeholders with enhanced services. Additionally, employees,

customers, and other stakeholders can report any irregularities to the bank's management via this hotline. Complaints, irregularities, or misconduct can also be lodged through email at complaint@sjiblb.com or by calling the phone number 01755556068.

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 both management and the board of directors. In this system, management is accountable to the board, while the board is accountable to the shareholders and stakeholders. This approach helps to ensure transparency in the bank's decision-making and operations while also considering the interests of all stakeholders. By establishing clear lines of accountability, the bank maintains strong governance practices and builds trust with its customers and other stakeholders.



5.5 Disclosure of directors' 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 under the 'Related Party' exposure where the directors' of the bank have an interest. We have disclosed separately in the notes to the financial statements the significant contracts and arrangements in which the directors have an interest. We have disclosed the directors' interest in significant contracts and arrangements in note number 54 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

The details of Related Parties with whom the bank entered into transactions, including the basis of the relationship and percentage of shareholdings, are provided in note number 54 of the financial statements. In the ordinary course of business, the Bank engaged in financial transactions with entities or individuals falling within the definition of 'Related Party' as outlined in IAS 24: Related Party Disclosures, as well as 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 of 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

In accordance with the Bangladesh Bank circular, the bank has formulated a business continuity plan and disaster recovery plan, which have been submitted to Bangladesh Bank. The plan underwent a thorough review by the Board of Directors of the bank before its submission.

5.8 Board's policy on IT Governance

According to BRPD circular no. 14 dated 23 October 2005, BRPD circular no. 21 dated 20 May 2010, and BRPD circular no. 09 dated 17 September 2015, concerning the "Guideline on Information and Communication Technology for Scheduled Banks," the Bank has adhered to the IT Manual. This manual addresses operational risk, physical security controls, the potential for wide-area network disasters, a data center disaster recovery plan, and a backup and restore plan. Furthermore, the Bank has implemented up-to-date security solutions to ensure the confidentiality, integrity, and availability of critical business data.

5.9 Policy to encourage employees' participation in Management

SJIBPLC. 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 the level of customer satisfaction

To ensure that it is meeting the needs and expectations of its clients, SJIBPLC. 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 SJIBPLC. 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, SJIBPLC. 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

SJIBPLC. 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 SJIBPLC. 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 the Nomination and Remuneration Committee

In accordance with Bangladesh Bank Guidelines, 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, SJIBPLC. 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 the Nomination and Remuneration Committee

At the management level, the responsibilities for overseeing compensation and remuneration governance lie with the Managing Director, Head of the Human Resources Division, and Chief Financial Officer. Typically, they formulate proposals that are presented to the Board of Directors for review and validation. Subsequently, after incorporating any recommendations from the Board, decisions regarding compensation and remuneration are approved. These individuals are tasked with presenting recommendations to the board concerning remuneration, compensation packages, management incentive schemes, and retirement benefits for all employees. Additionally, they work to ensure that all employees receive fair remuneration and performance-based compensation by implementing an effective remuneration policy. This approach ensures that the bank's compensation and remuneration practices remain transparent, fair, and aligned with business objectives.

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 2023, 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

SJIBPLC. 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 bank sets the compensation of directors, the chairman, and the CEO 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 adhere to regulatory mandates and industry benchmarks, thus facilitating the recruitment and retention of top talent.

6.5.1 Remuneration of the 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 2023, the total amount of directors' fees paid was Tk. 4,166,400. The details of directors' fees and expenses can be found in note No. 35 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 the 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 2023 was Tk. 16,270,000. The details of the remuneration of the Chief Executive Officer are shown in Note No. 34 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 employees are shown in note No. 29a of these financial statements.

7. HUMAN CAPITAL

SJIBPLC is dedicated to upholding excellence in banking and operates with a strong commitment to achieving continuous and sustainable growth within the industry. Human Resources (HR) plays a pivotal role in shaping the future success of SJIBPLC. Guided by a long-term vision, HR strives to cultivate an environment where employees can thrive, fostering sustainable organizational performance through partnership. Recognizing that a high-quality, balanced, and motivated workforce is integral to success, the bank maintains a clear mission, vision, and strategy. The HR Division endeavors to attract talented individuals with the right attitude, placing them strategically to fulfill the bank's objectives. Emphasizing a culture of learning and innovation, SJIBPLC encourages its employees to tackle challenges and drive the bank forward.

Employee development stands as a top priority for the bank, recognizing that efficient and skilled personnel are essential for managing financial risks and maximizing organizational value. The HR Division is dedicated to nurturing human capital and instilling a strong sense of organizational commitment and ownership. Through continuous assessment of employee strengths and weaknesses, the HR Division provides necessary training, updates HR policies, and offers employee benefits and social security. Career development programs are also implemented to ensure employees remain motivated, inspired, and proactive in achieving the bank's goals.

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

SJIBPLC is dedicated to establishing a standardized set of Human Resources (HR) policies and guidelines that encompass all aspects of HR management, ensuring

a cohesive HR management practice across the organization. The bank's HR policies cover a wide range of areas, including talent acquisition, HR development, performance management, remuneration and allowances, disciplinary and grievance management, sexual harassment eradication, NIS, KYE, Employee Background Screening, Employee House Building & Car Policy, and Internship Policy. These comprehensive HR policies serve as a roadmap for day-to-day HR operations and provide guidance for decision-making, thereby streamlining internal processes.

7.1.1 Succession Planning

HR plays a pivotal role in ensuring the future success of the Bank by cultivating an efficient workforce. To realize this vision, it's essential to enhance the capabilities of middle management, fostering their professional and personal growth while strategically placing them within the organization. A robust talent management process is in place to cultivate a pool of trained and skilled executives who can seamlessly assume key roles when vacancies arise. This succession planning initiative begins with the recruitment of fresh talent, where SJIBPLC rigorously selects candidates. Once onboarded, the bank focuses on developing employees' skills, expertise, and knowledge, preparing them to assume leadership positions within branches, divisions, or departments in the event of organizational expansion or attrition. Moreover, regular leadership training sessions are conducted to groom middle management for higher responsibilities, ensuring a smooth transition when seasoned employees exit and new recruits are ready to step in as successors.

7.1.2 Merit based Recruitment

SJIBPLC continues to attract, retain, and invest in top talent to ensure future readiness. HR regularly assesses current and future HR needs based on the strategic plan. Gaps in knowledge, skills, and abilities are identified through performance management, leading to the recruitment of both fresh and experienced employees through a rigorous process. The bank believes in a blend of experienced and fresh officers for operational efficiency and effective training. Talent acquisition is a long-term strategy, with HRD supporting recruits to contribute to the bank's development. Despite challenges, HRD successfully recruited 86 Probationary Officers in 2023 through competitive examinations, followed by an orientation program at the Training Academy.

7.1.3 Performance Appraisal System

The Bank believes that an efficient reward system has a positive impact on performance by instilling a sense of ownership among employees, enhancing

motivation, facilitating long-term focus with continuous improvement, promoting teamwork, minimizing employee dissatisfaction, and enhancing overall employee performance.

Recognizing the strategic importance of performance appraisal in rewarding and recognizing employees, the HR Department (HRD) has implemented a standardized performance appraisal system within its HR Management Software. This system-based appraisal streamlines the process throughout the organization, ensuring efficiency and accuracy. The division conducts performance appraisals twice a year, allowing employees to gain insights into their strengths and weaknesses and address any areas needing improvement.

The performance appraisal system is built on key principles and involves all employees, providing a common platform for evaluation based on set parameters. To ensure fairness and transparency, the appraisal process undergoes further review by a senior management committee, eliminating potential biases. Given its significance, the performance appraisal system is widely utilized in the bank, as it directly impacts promotion, compensation, placement, and employee development initiatives.

7.1.4 Promotion, Reward and Motivation

Employee motivation is crucial for organizational success, as motivated employees tend to be more dedicated, work harder, and consequently produce better results. An engaged employee is emotionally committed to the company, influencing their behavior positively towards the organization. At the Bank, employee motivation is fostered through various means, including promotions, rewards such as incentives and appreciation letters, and opportunities for foreign training for deserving employees. The Human Resources Division also takes into consideration employees' residence and permanent district while planning their transfer and posting in

different branches, enabling them to stay close to their family members. This approach enhances employee motivation and engagement with the organization. Additionally, the Bank ensures a healthy working environment throughout the organization and offers competitive pay packages and other benefits, further strengthening employees' sense of belongingness.

7.1.5 Training and Competence Development

Shahjalal Islami Bank recognizes training and development as vital components for enhancing the capacity and skills of its human resources. The Bank fosters an environment conducive to learning where employees can not only acquire new competencies but also apply innovative ideas, develop skills, behaviors, and attitudes that enhance their productivity, and contribute to the Bank's business potential.

To adapt to the rapidly changing business landscape, evolving product profiles, processes, customer preferences, technology applications, and compliance requirements, training has become a central strategy for the Bank. It identifies specific training needs covering various priority aspects of banking business and tailors training programs accordingly, taking into account the participants' knowledge level and positions. Each training program is viewed as an investment, meticulously designed to achieve specific objectives, with qualified trainers ensuring the effectiveness of each session in developing the required skills and capabilities to address complex issues.

The Bank conducts training programs for employees at all levels throughout the year at its Training Academy, ensuring continuous improvement and skill enhancement for future positions. Additionally, the Bank regularly nominates officers and executives to participate in courses, seminars, and workshops organized by renowned institutions such as BIBM, BBTA, and BAB, further enriching their knowledge and expertise.

Sl. No.	Course Type	Training Provider/Training Institute	No. of Courses	No. of Participants
1.	SJIBPLC. (in house) Training Program	SJIBTA & Corporate Head Office	103	12,283
2.	External Training Programs (Local)	Bangladesh Bank & BBTA	22	76
3.	External Training Programs (Local)	BIBM	58	79



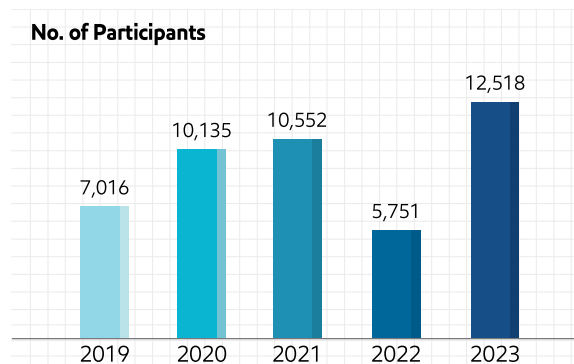
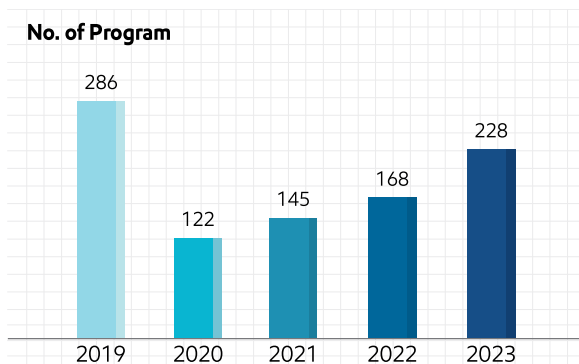
Sl. No.	Course Type	Training Provider/Training Institute	No. of Courses	No. of Participants
4.	External Training Programs (Local)	Jamuna Bank PLC, BAB, CSE Department of BUET, BIAM, ICCB, ICCB with ICC UAE, ADB TSCFP, ABB, AACOBB, UCBL, Prime Bank PLC., IFIC Bank PLC., MBL, Blackstone Institute, NCC Bank PLC., Dhaka Bank PLC., DSE Training Academy, MTBL, Bank Asia PLC., EXIM Bank PLC, CSBIB, IBBPLC, IBB, Life Spring, IFC., BICM. IBCFRTA.	42	77
5.	Foreign Training (India)	ICICI Bank Ltd., Armor Bangladesh Ltd., SCB	3	3
	Total		228	12,518

Area Specific Training Programs:

S.N	Area of Training	No. of Participants
1	Foreign Trade	1,213
2	Anti-Money Laundering	2,891
3	Information & Communication Technology (ICT)	952
4	General Banking & Cash	2,378
5	Shariah Compliance	1,088
6	Banking Laws and Regulations	399
7	Banking Operations & compliance	779
8	Investment	1,771
9	Foundation Course	107
10	ISS Reporting	424
12	Others	516
	Total Number of Participants	12,518

Learning and Development Trend:

Year	No. of Programs	No. of Participants
2023	228	12,518
2022	168	5,751
2021	145	10,552
2020	122	10,135
2019	286	7,016



7.1.6 Grievance management and counseling

Effective employee relations management entails establishing a systematic mechanism for employees to communicate their grievances and concerns to their supervisors and management. Without proper management through channels such as grievance procedures and counseling, these issues can adversely affect productivity, business efficiency, and employee engagement. SJBPLC.'s whistle-blowing mechanism ensures that employees who raise concerns are protected by competent authority. Additionally, the anti-harassment policy creates a safe workplace environment for female employees.

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

Shahjalal Islami Bank recognizes that workplace diversity fosters synergy within the organization and serves as a crucial driver for long-term success. By assembling teams comprising individuals with diverse backgrounds, education, skills, and experiences, sustainable value can be generated across the Bank. Our commitment lies in promoting diversity in thoughts, culture, religion, and gender, thereby fortifying the Bank to better serve clients and attain its objectives. We prioritize maintaining a balanced gender ratio and ensuring equal employment opportunities.

Year wise employee position:

SL	Employee Type	2019	2020	2021	2022	2023
1	Executive	261	270	298	310	322
2	Officer	1,443	1,432	1,476	1,562	1,570
3	Cash Officer	455	466	479	476	484
Total		2,159	2,168	2,253	2,348	2,376
Change over the year #		232	9	85	95	31
% of Change		12.04%	0.42%	3.92%	4.22%	1.32%
Number of Branches		132	132	132	140	140

Employee Type & Gender:

Name of Position	Male	Female	Toal-2023	Total-2022
Executive	301	21	322	310
Officer	1,240	330	1,570	1,562
Cash Officer	358	126	484	476
Sub-Staff	495	4	499	487
Total	2,394	481	2,875	2,835

Employee Distribution:

a. Division wise position:

Name of Division	No. Branch	No. Employees	Percentage
Dhaka*	74	2,077	72.17%
Chattogram**	32	410	14.35%
Khulna	9	105	3.65%
Sylhet	7	95	3.30%
Rajshahi	8	84	2.92%
Barishal	6	64	2.22%
Rangpur	4	40	1.39%
Total	140	2,875	100%

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

b. Branch Vs Corporate Head Office:

Name of Position	CHO	Branch	Total-2023	% of Total
Executive	147	175	322	11%
Officer	487	1,083	1,570	55%
Cash Officer	5	479	484	17%
Sub-Staff	135	364	499	17%
Total	774	2,101	2,875	
% of Total	27%	73%		

Age Group Wise Position:

Name of Position	Male	Female	Total-2023	Total-2022
Below 30 Years	377	67	444	438
30 to 40 Years	915	216	1,131	1,205
40 to 50 Years	848	178	1,026	941
50 to 60 Years	246	20	266	244
Above 60 Years	8	0	8	7
Total	2,394	481	2,875	2,835

7.1.8 Policy on Recruitment, Retention, Training and Empowering Retarded and Handicapped Employees

SJIBPLC. is dedicated to implementing a comprehensive set of standardized Human Resources policies and guidelines that address all facets of HR management. These policies establish a clear framework for HR operations and decision-making, facilitating the organization's internal processes. Covering various areas such as recruitment, retention, training, empowering disabled employees, HR development, performance management, remuneration, allowances, disciplinary procedures, grievance management, sexual harassment prevention, and employee background screening, SJIBPLC.'s HR policies provide a robust structure. Additionally, other policies, such as those concerning employee housing, car usage, and internship, are also included. By adhering to these policies, SJIBPLC. ensures uniformity in HR management practices across the organization.

7.1.9 Human Resource Accounting

Human Resource Accounting (HRA) is a process that involves measuring the costs incurred by an organization in recruiting, selecting, training, and developing its human assets. The approaches to human resource accounting were first developed in 1691. HRA facilitates decision-making regarding personnel, such as whether to retain their services, terminate their employment, or provide extensive training.

Particulars	2023	2022
Total Asset	351,719.34	339,818.87
Human Asset (Individuals' value)	40,678.52	36,905.62
Value of investments (Training Expense)	7.83	7.46
Total Asset including Human Asset	392,405.69	376,731.95

Particulars	2023	2022
Total Liabilities	351,719.34	339,818.87
Human Capital	40,686.35	36,913.08
Total Capital & Liabilities including Human capital	392,405.69	376,731.95

In the year 2023, SJIBPLC. reported the total value of Human Capital as 392,405.69. This valuation was conducted using the Present Value of Future Earnings Model (Lev & Schwartz), which discounts the 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 SJIBPLC. 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 SJIBPLC. 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 places great importance on creating an inclusive workplace, fostering a culture that celebrates diversity, and acknowledges the value and contributions of individuals across all levels of employees. Our approach ensures the cultivation of a workplace culture where equal opportunities are provided to all employees, and diverse perspectives are appreciated. To achieve these objectives, the Human Resources Division has implemented a set of unique and standardized HR management policies and practices aligned with the organization's overarching goals. Our primary focus areas in HR management include policies addressing:

7.4 Digitalization in HR Management

As the Bank expands its operations, it is attracting more employees; therefore, the digitalization of HR operations is essential for effective management. Over the years, the Bank has developed an in-house HR Management System (HRMS) that encompasses various functionalities, including Leave Management, Attendance, Payroll System, Employee Business Target Management, Performance Appraisal Management, and an E-Learning System. Additionally, the Bank has internally developed its E-Recruitment system. The E-Learning system allows employees to learn at their own pace and convenience, eliminating the need for

physical movement and reducing associated expenses. This initiative ensures that every employee has access to learning opportunities, promoting continuous development and growth within the organization.

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 the strict compliance of Islamic Shariah in all its transactions. In this regard, to uphold the spirit of applying sharia in all operational affairs, the bank strives to provide shariah knowledge to all employees for better compliance with shariah guidelines and norms. SJIBPLC, being a shariah-based bank, believes that it is entrusted with the responsibility to adhere to the shariah instructions in all its banking business, and to this effect, the bank undertakes specialized shariah training for the officials and also includes basic shariah courses in Foundation Training of the employees. To strengthen shariah-related affairs, the bank recruits officers specializing in shariah knowledge through a competitive exam and places them at the Shariah Inspection and Compliance Division.

7.6 Employee Health Insurance Facility

To provide health insurance facilities to all employees, SJIBPLC. 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. The bank's group health insurance facility covers the employee along with their family members. During the year, employees received about 623 insurance claims from the company under the group health insurance facility of the bank.

7.7 Work place hygiene & safety

The bank ensures cleanliness issues in all offices for the better health and hygiene of all staff. A retired Army person in the rank of Major under the Common Service Division is looking after the health and safety issues with a large pool of cleaning staff deployed throughout the organization. To become familiar with safety issues as well as tackling unexpected situations like earthquakes or fires, Corporate Head Office and Branches conduct fire drills at regular intervals to train the employees and also regularly test the effectiveness of the safety equipment.

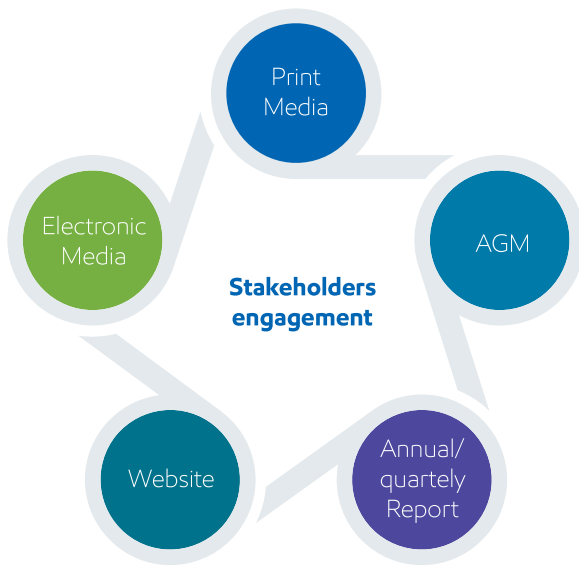
8. COMMUNICATION TO SHAREHOLDERS AND STAKEHOLDERS

8.1 Policy/strategy on Shareholders engagement

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. SJIBPLC. 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 Engagement through electronic media

The Board recognizes the importance of communication with shareholders and other stakeholders. The Bank’s website, <https://.sjiblb.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 PLC. and the Chittagong Stock Exchange PLC.

8.1.2 Engagement through quarterly/annual report

The Annual Report of SJIBPLC. 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 Engagement through Print Media/ TV

SJIBPLC. 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:

1

Step

SJIBPLC. 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

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



The 22nd AGM was held in 2023 through digital platform.

8.3 Investor/Shareholder's grievance policy

Any complaints 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 are resolved lawfully and promptly. The Company Secretary of SJIBPLC is responsible for addressing such shareholder issues. Details of the redressal of investors' complaints can be found on page 320 of this report.

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 SJIBPLC 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 SJIBPLC 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 SJIBPLC'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. SJIBPLC's Share Division sends reminders to shareholders for the encashment of dividends and tracks the number of dividends that are encashed following the AGM. The Share Division also takes steps to notify shareholders of their right to encash unclaimed dividends. Further details of SJIBPLC's dividend distribution policy can be found on page 384 of this Annual Report.

8.3.3 Compliance with the ICSB Secretarial Standard

SJIBPLC strictly follows the Bangladesh Secretarial Standard of the Institute of Chartered Secretaries of Bangladesh (ICSB). The SJIBPLC 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

8.4 Rights of Shareholders

Shareholders, as the true owners of the bank, hold specific privileges and rights governed by law. 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

9. ENVIRONMENTAL AND SOCIAL OBLIGATIONS

9.1 The Board of Directors oversight and the bank's policies and practices concerning the environment, society, and jurisdictions in which it operates.

As a responsible stakeholder in society, SJIBPLC. is committed to addressing environmental and social development issues through sustainable banking practices and corporate social responsibility (CSR) initiatives. Sustainable development is a vital component of our value creation for customers, employees, and society at large. We continuously strive to integrate sustainability into our overall business strategy.

9.1.1 Bank's policies and practices relating to the environment

SJIBPLC. 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 2023, SJIBPLC. 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 in society, SJIBPLC. is committed to corporate social responsibility (CSR), with a particular focus on education, healthcare, poverty alleviation, disaster management, and more. The bank allocated a substantial budget for CSR initiatives in the communities it serves. In 2023, the bank expended Tk. 536.13 million on CSR activities, marking a 64.75% increase compared to 2022.

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

SJIBPLC. 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 SJIBPLC. 's investments are sustainable and support the health of the planet.

9.2.1 Participation in national programs and assistance to disadvantaged groups

i) Response to disasters, pandemics and national calls: The bank donated an amount of Tk. 282 million to the Prime Minister's Disaster Management Fund for the help of disaster-affected people in Bangladesh.

ii) Development of neighborhoods and communities: SJIBPLC. is actively engaged with the development of neighborhoods and communities. The Bank is participating in increasing community events to address 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 in the country. Each year the bank donates a substantial amount for the development of sports, culture, research & technical education.

iv) Health care sector: During the year, the bank spent Tk. 147.30 million on the health care of the people in the community where it operates.

v) Education: The bank expended Tk. 165.30 million for scholarships to poor meritorious students and infrastructural development of educational institutions.

vi) Distribution of warm clothes: An amount of Tk. 98.8 million was expended for the distribution of warm clothes to the cold-stricken people of Bangladesh.

9.2.2 Activities towards a sustainable environment

SJIBPLC. is creating a sustainable business by integrating sustainability into all of its products and services. SJIBPLC. has designed its products and services to

ensure environmental benefits for 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 SJIBPLC. to create a sustainable business environment:

- **Recycling and reusing of water and waste:** SJIBPLC. is financing the water treatment plant for recycling and reusing water and the west management plant.
- **Effluent Treatment for Curbing Pollution:** The bank is emphasizing financing the Effluent Treatment Plant for Curbing Pollution.
- **Lessening of toxic emissions:** The Bank is not financing the projects that are responsible for the toxic emissions.
- Organizational response to climate change
- Use of Green Financing
- There is a greater focus on green products for investment.
- The growth of sustainable finance through more agriculture and SME investment.
- Reduction of unnecessary energy consumption (electricity, fuel, water).
- Reuse paper and other printing stationery items.
- Promotion of digital products and services.

9.5 Certificates and checklists reference

Sl. No.	Report Name	Page No.
1	Declaration by CEO and CFO	387
2	Compliance Certificate on Corporate Governance Code	388
3	Compliance Status of BSEC Notification	389
4	Compliance Status of Bangladesh Bank Guidelines	403

9.3 SJIBPLC'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 145.

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 PLC. 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 2023, the bank spent Tk. 536.13 million on CSR activities.



DIVIDEND DISTRIBUTION POLICY

This Policy is formulated in compliance with the Directive No. BSEC/CMRRCD/2021-386/3- dated, 14 January 2021 of Bangladesh Securities and Exchange Commission. This policy is effective from 31 March 2021 being the date of its approval by the Board of Directors of the Bank.

The Policy is aimed to lay down the criteria and parameters that are to be considered by the Bank while declaration and distribution of the dividend.

The Board of Directors may declare interim dividend/recommend final dividend complying the Companies Act, 1994 and provisions of all Rules, Regulations, Notifications, Orders, Guidelines, etc. in force or to be enforced and issued or to be issued from time to time by Regulatory Authorities.

Parameters to be considered for declaration of dividend

In determining dividend payment, Shahjalal Islami Bank PLC. takes into consideration of its operating results as well as long-term returns to shareholders. Dividend is paid out of the profit of the Bank. If there is a profit after its annual closing, the Bank first sets aside funds required for provision for investments & others as well as taxes before appropriating 20% of the profit before tax toward its statutory reserve. Dividend payable to the shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive the dividend is established.

The Board of Directors of the Bank will consider the following internal or external parameters while recommending/declaring dividend:

1. Current & prospective financial performance including Bank's NPI (NPL) ratio
2. Past dividend payouts
3. Current & prospective capital adequacy of the Bank (CRAR ratio) including future regulatory requirements for minimum CRAR
4. Growth & investment opportunities
5. Tax implication
6. Macro & micro economic factors including regulatory requirements

7. Circumstances under which shareholders may or may not expect dividend:

The Board of Directors of the Bank may not recommend any dividend if the eligibility criteria for recommendation of dividend has not been met by the Bank, including any restriction imposed by the Regulatory Authorities.

Procedure of declaration/recommendation of dividend

Dividend is approved by the shareholders at an Annual General Meeting (AGM) on the basis of recommendation of the Board.

Dividend is recommended by the Board after consideration and approval of the financial statements which were considered by the Board Audit Committee before approval of the Board. All requisite approvals and clearances, where necessary as applicable, are obtained before the declaration of dividend.

Entitlement to dividend

Only the shareholders of the Bank whose names are appeared in the Register of Members and/or Depository Register of the Bank on the record date fixed by the Bank are entitled to the dividend.

Payment of dividend

Shahjalal Islami Bank PLC. pays off the dividend to its shareholders within thirty days of approval.

The Bank maintain detailed information of Beneficiary Owners (BO) account, bank account, mobile phone number, email and address of the shareholder as maintained with the Depository Participants (DP) for the purpose of proper distribution of dividend and also keep confidentiality of information.

1. Cash dividend

In order to pay off the cash dividend in due time to the shareholders of the Bank, an amount equivalent to the declared cash dividend payable for the concerned year is kept in a separate bank account within 10 days of declaration. The Bank pays off cash dividend directly to the bank account of the entitled shareholder as available in the BO account maintained with the DP or the bank

account as provided by the shareholder through Electronic Transfer within thirty days of approval after deducting applicable tax at source. After disbursement of cash dividend intimation is sent through a short message service (SMS) to mobile number or email of the shareholders.

In case of margin client having debit balance or margin loan of stock broker or merchant banker or portfolio manager, the Bank pays off cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of merchant banker or portfolio manager through Electronic Transfer in order to account for such dividend immediately in the individual client's portfolio account.

In case of non-availability of bank account information or not possible to distribute cash dividend through Electronic Transfer or any electronic payment system, the Bank issues cash dividend warrant and send it to the shareholder by post.

The Bank pays off cash dividend to non-resident sponsor, director, shareholder through security custodian in compliance the rules or regulations in this regard.

2. Stock dividend

In case of stock dividend, Shahjalal Islami Bank PLC. credits stock dividend (Bonus Share) directly to the

BO account within 30 days of approval subject to the clearance of the exchange(s) and CDBL complying rules and regulations in this regard.

Unpaid/Unclaimed dividend

Shahjalal Islami Bank PLC. maintains detailed information of unpaid or unclaimed dividend and rationale thereof. Unpaid or unclaimed cash dividend including accrued interest (after adjustment of bank charge, if any) thereon, if remain, are transfer to a separate bank account named 'Unclaimed Dividend Account' within one year from the date of approval. In case of non credited stock dividend through Corporate Action due to closure of BO ID or any other reasons, the bonus shares are kept in 'Dividend Suspense Account'. The Bank does not forfeit any unclaimed cash or stock dividend till the claim becomes barred by the law of land in force. Unclaimed dividend is paid off as per procedure set by the Bangladesh Securities and Exchange Commission and the Stock Exchanges.

Review

The policy would be reviewed on an annual basis or as and when the need arises. Amendments (if any) would be approved by the Board.

Disclosure

The policy will be available on the Bank's website and will also be disclosed in the Bank's Annual Report.

SUMMARY OF UN-CLAIMED CASH DIVIDEND

as on 31 December 2023

Sl. No.	Year	Amount Taka
1	2020	7,864,413
2	2021	8,663,375
3	2022	10,369,661
Total		26,897,449