

Pending final approval

# RESPONSIBLE INVESTMENT FRAMEWORK

August 2025

*Progress Never Stops...*

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## GLOSSARY

AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
AuM	Assets under Management
BSC	DIB's Board Sustainability Committee (BSC)
Committee(s)	DIB's Management Sustainability Committee (MSC) and Board Sustainability Committee (BSC)
CSR	Corporate Social Responsibility refers to the way how an organisation considers ESG factors. Synonyms include Corporate Sustainability and Sustainability.
DIB	Dubai Islamic Bank
ESG	Environmental (E), Social (S) and Governance (G). Each area comprises of several factors that may be material for an investment.
Framework	Refers to this Responsible Investment Framework, unless specified otherwise.
ISSC	Internal Sharia Supervision Committee
MSC	DIB's Management Sustainability Committee (MSC)
PRI	United Nations backed Principles for Responsible Investment
RI	Responsible Investment. Sharia-compliant Responsible Investment refers to investment practices in investment decision-making processes, portfolio management and reporting that adhere to Sharia principles (through avoidance of prohibited (haram) activities and ensuring positive real-world impact) and integrate environmental, social and governance considerations with an ultimate aim to attain better risk-return ratio. At DIB, we view Responsible Investment as an element of Sustainable Finance.
SF	Sustainable Finance, covering both asset-based and Sustainability-Linked Finance. Sustainable Finance means the consideration of ESG factors in the credit process, and ensuring the financing facility is Eligible under one of DIB's Sustainable Finance Frameworks. In capital raising, refers to Sukuk issuances by DIB that follow one of the Sustainable Finance Frameworks.
SFC	Sustainable Finance Committee
SLF	Sustainability-Linked Finance. Financing linked to ESG KPIs and Sustainability Performance Targets (SPTs).

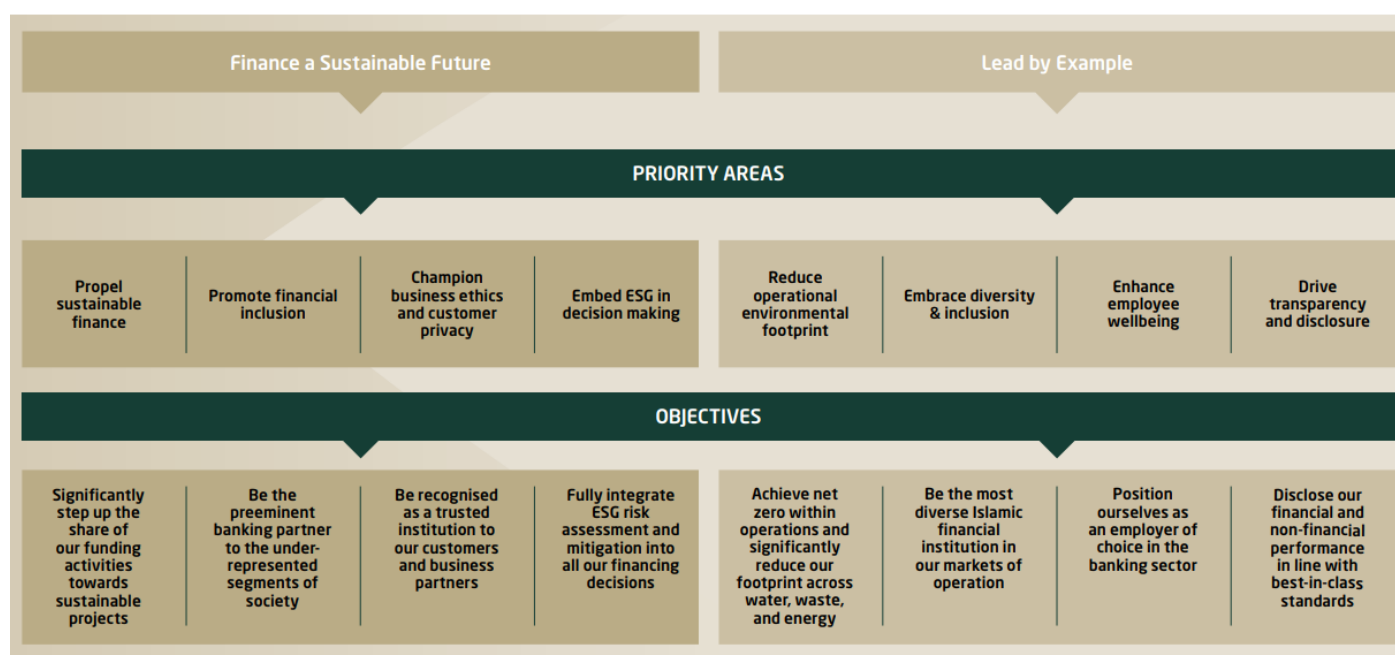
## 1. Introduction

Dubai Islamic Bank P.J.S.C. (“DIB”, “Bank”) is among the largest Islamic banks in the world, offering an ever-increasing range of innovative Sharia-compliant products and services to retail (including wealth management), corporate and institutional clients since 1975. Driven by the vision to be the most progressive Islamic financial institution in the world, our purpose is to instill simplicity and convenience in all our offerings through a personalised and engaging experience aligned to global sustainable practices for a better future.

DIB has five core values, which constitute our “ICARE” approach:

- I: Inclusive – Accessible to all, and most importantly, without bias.
- C: Collaborative – Connected together as a team to deliver banking with ease.
- A: Agile - Deliver faster solutions and provide happy experiences.
- R: Responsible - Fair, transparent and accountable in making responsible decisions.
- E: Engaged - Passionate and committed to deliver fulfilling journeys.

Our values, Sharia compliance, Corporate Sustainability and Sustainable Finance are an integral part of DIB’s operations. We are currently ambitiously implementing our Sustainability Strategy which builds on two pillars: Finance a Sustainable Future and Lead by Example. These two pillars have eight priority areas with objectives and KPIs in line with Sharia Principles (Graph 1<sup>1</sup>).



Graph 1. DIB Sustainability Strategy pillars, priority areas and objectives.

DIB has established a dedicated and growing Sustainability Department with the aim of supporting the integration of ESG into everything we do and to reach our overarching strategic vision to “Own the ESG Space”.

We aim to:

- Embed ESG at the heart and core of our business strategy,
- Outperform our peers in the ESG space,
- Become a role model for sustainable Islamic finance in the region, and
- Shape and influence the ESG policy agenda in the markets we operate in.

DIB has committed to the United Nations Global Compact (UN GC). As a participant, we are committed to meet responsibilities in four areas: environment, human rights, labour practices and anti-corruption.

<sup>1</sup> Read more from our Sustainability Report <https://www.dib.ae/sustainability/info-hub?category=all&year=2024>

DIB actively collaborates with key institutions to advance Sustainable Finance in the region. These partnerships include:

- UAE Banks Federation (UBF): Working with industry peers to establish best practices and promote Sustainable Finance initiatives
- Emirates Institute for Banking and Financial Studies (EIBFS): Partnering to enhance knowledge and expertise of our employees in Sustainable Finance within the Banking sector
- Dubai Sustainable Finance Working Group (DSFWG): DIB is an active member.

One of our important next steps is to advance Responsible Investment and for this purpose we are in the process of analysing relevant Responsible Investment and Sustainable Finance initiatives to which we could commit.

## Foundations for Responsible Investment

Sharia compliance and ESG objectives are fundamental pillars of our business strategy. To translate these into action, our Sustainability Strategy provides a systematic approach to integrating ESG across our operations.

We have embedded ESG as part of our governance structure with dedicated committees, roles and responsibilities. Consideration of ESG is incorporated into the three defense lines, namely business, control and risk management, and internal audit.

Currently, DIB is in the process of identifying sustainability Champions across the business areas and organisational units to drive responsible investment, sustainable finance and sustainability initiatives aligned with our Sustainability Strategy.

DIB is committed to promoting Sharia-compliant Responsible Investment and Sustainable Finance. We first established our Sustainable Finance Framework in 2022 and renewed it in 2024. By Q2 2025, DIB had successfully issued three Sustainable Sukuk totaling USD 2.75bn. In 2024, we assessed our compliance with the Central Bank of the U.A.E.'s Higher Shari'ah Authority's Resolution on Guiding Principles Regarding Islamic Sustainable Finance, took action and developed a five-year Islamic Sustainable Finance roadmap and growth plan. In 2025, we launched an innovative Sustainability-Linked Finance Facilities financing Framework the first from an Islamic Bank globally. This Responsible Investment Framework is our next step.

DIB is actively researching ways to enhance the sustainability of our on and off-balance sheet exposure to reflect our commitment not only to Sustainable Finance but also Responsible Investment.

Since 2024, DIB has implemented a systematic approach to Sustainable Finance in Corporate and Investment Banking. This involves identifying and analysing ESG risk factors at both the client and transaction (project) levels. We leverage leading international practices to ensure all financing decisions consider potential environmental and social risks in addition to financial viability. Now we want to expand the consideration of ESG risk factors and opportunities to our investments.

Climate change mitigation is among DIB's focus areas, in alignment with the global and national agendas. The UAE Net Zero 2050 strategic initiative aligns with the Paris Agreement, which calls on countries to prepare long-term strategies to reduce greenhouse gas (GHG) emissions and limit the rise in global temperature to 1.5 C compared to pre-industrial levels. Following the framework developed by the United Arab Emirates Ministry of Climate Change and Environment (MOCCAE)'s "UAE Sustainable Finance Framework 2021 – 2031" and the DIB Sustainability Strategy, we have currently committed to:

- Make 15% of our portfolio Sustainable Finance by 2030
- Achieve Net Zero in our scope 1 and 2 emissions by 2030 for DIB UAE.

DIB is in the process of analysing portfolio decarbonization target setting and further portfolio level Sustainable Finance and Responsible Investment targets that align with the UAE's Net Zero 2050 plan. As we progress, we aim to continually integrate ESG information more comprehensively into our investment analysis, decision-making and portfolio management.

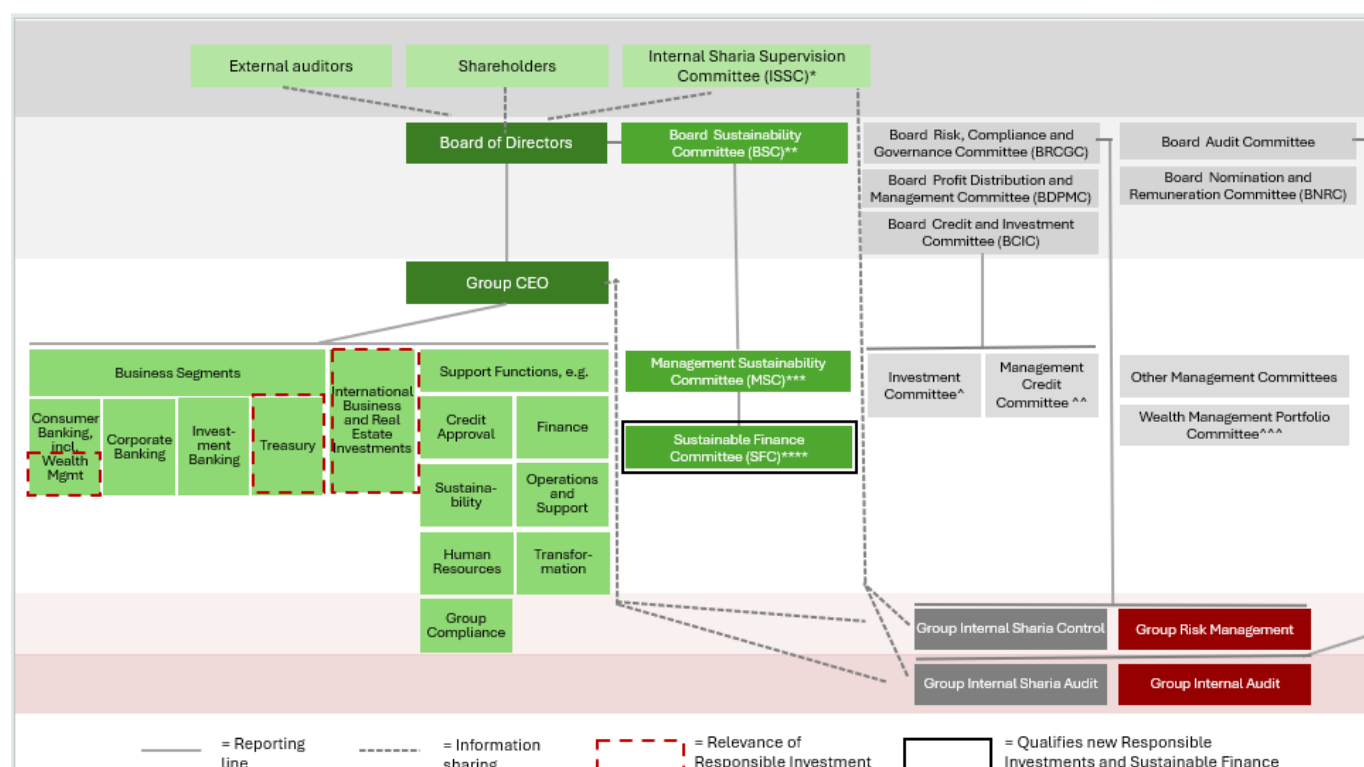
In Responsible Investment, Sustainable Finance and Corporate Sustainability development work, including our frameworks, policies and other guiding documents, processes, practices and reporting, we make use of global leading practices, including but not limited to the Principles for Responsible Investment, International Capital Market Association

(ICMA), Loan Market Association (LMA), Climate Bonds Initiative (CBI), International Sustainability Standards Board (ISSB). We also use leading regulations as models, such as the EU Taxonomy, Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD) to the extent all these practices and regulations are in compliance with the principles of Sharia.

This Responsible Investment Framework is relevant in particular for the departments and committees specified in Graphs in section 2 (Graphs 2a, b and c).

## 2. ESG Governance

DIB's governance and operating model aims to integrate ESG across the bank's operations and portfolio to ensure credible implementation of our Sustainability Strategy and effective oversight as presented in Graphs 2a-c.



Graph 2a. ESG governance and coverage of the Responsible Investment Framework.

Relevant departments	Information Technology	Sustainability	Finance	Group Compliance	Group Internal Sharia Control	Group Risk Management
<b>Key Responsibilities</b> 1. Provides market context/outlook for Sharia-Compliant Responsible Investments 2. Supports implementation of the Sustainability Strategy and Responsible Investment Framework (e.g., ESG products, client engagement, presentation of potential responsible investment for SFC approval).	<b>Key Responsibilities</b> 1. Manages ESG information architecture 2. Enables platforms and tools to help ESG data owners with data aggregations and consolidation 3. Collaborates with finance function on data source controls 4. Manages system implementation as applicable.	<b>Key Responsibilities</b> 1. Leads Sustainability, Responsible Investment and Sustainable Finance 2. Updates e.g., the Responsible investment and Sustainable Finance Frameworks and manages the respective registers. 3. Supports with subject matter expertise across the organisation 4. Scans the business environment 5. Prepares ESG reporting.	<b>Key Responsibilities</b> 1. Ensures appropriate controls are in place 2. Manages the reporting process 3. Engages with External and Internal audit and Sharia Audit 4. Writes reports and supports with Sustainability, Sustainable Finance and Responsible Investment (if any) reports 5. Assists with impact quantification 6. Cleanses ESG data.	<b>Key Responsibilities</b> 1. Oversees the implementation of new regulations by receiving regulatory updates and notices (including ESG related regulatory requirements), assessing impact, disseminating to stakeholders, and following up till closure. 2. Reviews policy, procedures, processes & product documentation from regulatory compliance perspective to provide feedback to stakeholders. 3. Acts as a liaison with regulatory authorities.	<b>Key Responsibilities</b> 1. Facilitates and monitors compliance with Sharia and related regulation 2. Advises and assists on Sharia compliance related matters under the supervision of the ISSC. 3. Reviews the Bank's Policies and Processes to ensure their design does not violate Sharia under which the products, services and material transactions were structured and documented.	<b>Key Responsibilities</b> 1. Identifies and manages risks, including ESG risks 2. Quantifies sustainability impacts (e.g., climate impacts) 3. Integrates sustainability topics and considerations into existing Enterprise Data Management (including policies/rating models) 4. Monitors ESG risks and opportunities.

Graph 2b. Key responsibilities per selected functions.

* ISSC	** BSC	*** MSC	**** SFC	^ Investment Committee	^ ^ Management Credit Committee	^ ^ ^ Wealth Management Portfolio Committee
1. Provides Sharia rulings on all Sustainability, Responsible Investment and Sustainable Finance initiatives. 2. Supervision covers business, products, transactions, risk management and documentation.	1. Reviews Sustainability Strategy and monitors its implementation and progress. 2. Reviews and proposes to the Board sustainability related policies, strategic commitments and targets. 3. Reviews and recommends strategic sustainability initiatives, strategic partnerships and plans. 4. Considers, endorses and monitors e.g., the effectiveness of sustainability considerations and measures to be embedded in the strategy, operating model and policies, organisation structure, roles and responsibilities, rewards system, risk management processes, portfolios and products. 5. Oversees and ensures transparent, accurate, credible and consistent sustainability disclosures.	1. Facilitates the implementation of the bank's Sustainability Strategy and supporting initiatives. 2. Considers and assesses the alignment of the bank's Sustainability Strategy, initiatives and outcomes with the bank's strategic vision and objectives with respect to sustainability, national priorities and stakeholder expectations. 3. Oversees the implementation of DIB's Sustainability Strategy and tracks progress. 4. Identifies and recommends to the BSC sustainability related policies, strategic commitments, targets, strategic initiatives and partnerships. 5. Drives and embeds sustainability across the bank's operations. 6. Reviews all sustainability related disclosures and recommend these to the BSC.	1. Reviews and recommends new Responsible Investments, Sustainable Finance Framework eligible Assets and Sustainability-Linked Finance facilities 2. In Sustainable Finance, oversees and approves the allocation of proceeds to the Eligible facilities and assets.	Oversees DIB's investment activities and portfolio ensuring it is prudently managed and is aligned with DIB's strategy and risk management framework.	Reviews Investment applications and recommendations, credit/Investment approval assessments, and supporting documents and relevant policies for approving new investments, renewal/revision and/or enhancement of existing investments.	1. Reviews and approves, in compliance with relevant product programs, new WM products and offerings (including but not limited to investment universe, all asset classes and investment products within such asset class) 2. Reviews and approves related documentation and disclosures ensuring the required due diligence has been completed.

Graph 2c. Key responsibilities per committee.

DIB's ESG governance is organised as follows:

- Sustainability Department with dedicated Vice Presidents leading specialised areas such as Sustainable Finance which also covers Responsible Investments.
- The Sustainability Department is led by the Chief Sustainability Officer, who is the Chair of the Sustainable Finance Committee (SFC), and Vice-Chair of Management Sustainability Committee (MSC).
  - SFC members represent Sustainability, Finance, Credit and Risk Departments
  - MSC is comprised of the leaders of each business area and organisational units.
- The Chief Sustainability Officer reports to the Chief Financial Officer, who is also a member of the MSC. The Group CEO is the Chair of the MSC.
  - The MSC reports to the Board Sustainability Committee (BSC). The BSC has three members including the chair, all of which are DIB board members. The BSC reports to the Board of Directors.
  - In accordance with the bank's governance framework, DIB's Internal Sharia Supervision Committee (ISSC) oversees all activities to ensure that DIB fully aligns with the Sharia Principles, in all its activities, including Sustainable Finance and Responsible Investment.

The Investment Committee decides on recommendations on new investments. Any investment referred by the Investment Committee will be screened by the SFC to determine whether it qualifies as RI. Similarly, the Management Credit Committee and Wealth Management Portfolio Committee can refer investments and investment solutions to be screened for Responsible Investment qualification by the SFC.

Relevant departments are responsible for sending potential new Responsible Investments and Responsible Investment solutions to the Sustainable Finance Committee (SFC).

### 3. Responsible Investment at DIB

This Responsible Investment Framework aims to support, steer and guide DIB's relevant departments making investments in considering ESG factors across the investment cycle.

The Framework explains the Responsible Investment approaches and the main methods to apply these in practice. The Framework also sets the minimum criteria for what qualifies as responsible investment at DIB.

#### Definition of Responsible Investment

Sharia-compliant Responsible Investment refers to investment practices in investment decision-making processes, portfolio management and reporting that adhere to Sharia principles (through avoidance of prohibited (haram) activities and ensuring positive real-world impact) and integrate environmental, social and governance considerations with an objective to attain better risk-return ratio.

An investment qualifies as a Responsible Investment if it is subject to the following:

- Sharia and sanctions-based exclusions as specified in section 3.1.1, and
- one or several Responsible Investment approaches as specified in sections 3.1.2 – 3.1.5 or Norms-based exclusions as specified in section 3.1.1.

All DIB investments and finance must comply with Sharia and sanctions-based exclusions (section 3.1.1). DIB is updating the exclusions listing on a regular basis, including norms-based exclusions to align with our commitment to the United Nations Global Compact (UN GC).



## 3.1 Responsible Investment approaches

### 3.1.1 Exclusions

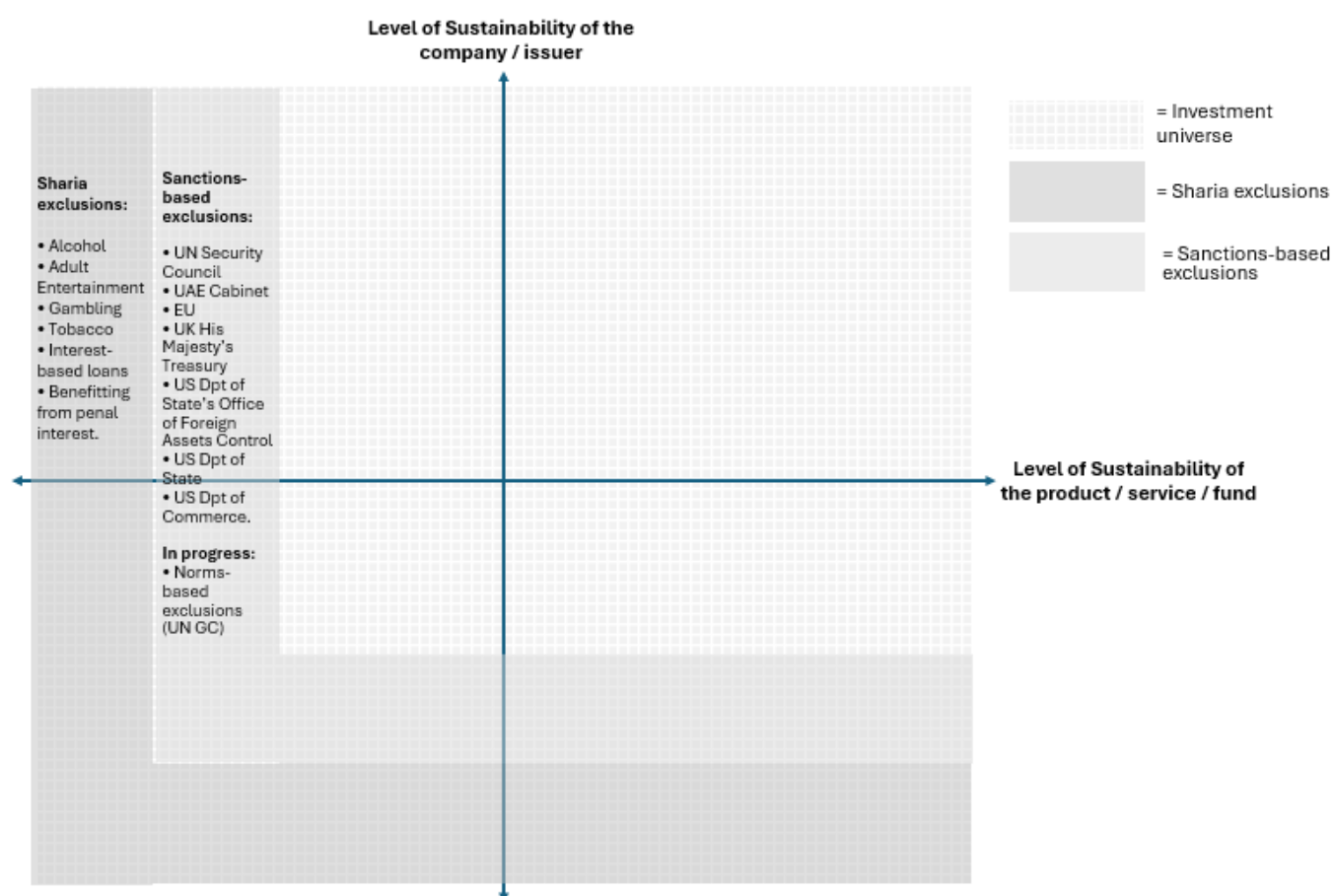
Exclusions, also called as negative screening, mean restricting the investment universe based on e.g. sector, product, sanctions or international norms<sup>2</sup>.

DIB excludes Sharia non-compliant sectors and activities from all product offerings and investments including but not limited to the following:

- Alcohol,
- Adult Entertainment,
- Gambling,
- Tobacco, and
- Interest-based loans.

The bank also complies with sanctions regulations administered by United Nations Security Council, United Arab Emirates Cabinet, European Union, United Kingdom His Majesty's Treasury, United States Department of State's Office of Foreign Assets Control, United States Department of State and United States Department of Commerce.

Norms-based exclusions take place by excluding companies that have violated international conventions on the environment, society or governance. Exclusion of such companies enables DIB to align investments with our commitment to the United Nations Global Compact (UN GC).



Graph 3. Exclusions in DIB's illustrative investment universe.

<sup>2</sup> The PRI, Screening and Exclusions: <https://www.unpri.org/download?ac=21969>

The principal methods for exclusions, covering both direct and indirect investments, are listed below for each asset class (Table 1).

Table 1. Exclusions and principal methods per asset class.

<b>RI approach</b> (covers both the company/issuer and the product/service/fund, where applicable)	<b>Fixed income</b> <b>(sovereign &amp; corporate)</b>	<b>Equity</b> <b>(listed &amp; private)</b>	<b>Real Estate</b>
<b>Sharia exclusions</b>	Sharia repugnant activity list approved by the Internal Sharia Supervision Committee		
<b>Sanctions-based exclusions</b>	Group Sanctions Compliance Policy		
<b>Norms-based (UN GC) exclusions</b>	Guidance by the Sustainability department		

### 3.1.2 ESG integration

ESG integration is the use of ESG information as part of the investment decision-making processes, including portfolio management and exit / maturity. Whenever possible, the ESG integration process considers both the business and the product/service/fund.

The use of ESG information should also consider the future of the investment, with the aim to understand how selected ESG factors may impact the investee's future business and the potential implications on DIB's portfolio. Relevant ESG information is to be used next to other relevant information.

DIB's ESG integration covers a broad range of ESG factors (Annexure II). The focus is on understanding investment-specific material ESG factors and related risks and opportunities. It is not possible to identify a single metric for ESG integration, as the aim is to consider such ESG information which is relevant for a particular investment. Table 2 lists the principal methods for ESG integration.

Table 2. ESG integration and principal methods per asset class.

RI approach (covers both the counterparty and the product/service /fund, where applicable)	Fixed income (sovereign & corporate)	Equity (listed & private)	Real Estate
<b>ESG integration</b>	<p><b>Sovereign issuers:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- (E) - vulnerability to climate change, transition to a low-carbon or net zero economy, management of natural resources, and</li> <li>-- (S) – investments in education, health care, access to basic services, human and labour rights, and</li> <li>-- (G) – political stability, corruption, public debt management</li> </ul> <p><b>Relevant reading:</b></p> <ul style="list-style-type: none"> <li>- The Principles for Responsible Investment (PRI) guidance<sup>3</sup></li> <li>-- Data by e.g. the World Bank, IMF, OECD and UN</li> </ul> <p><b>Corporate issuers:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- Most material factors identified by the issuer (e.g. Sustainability Report) and reporting on SASB<sup>4</sup> metrics)</li> <li>-- Material ESG factors per industry<sup>5</sup></li> <li>-- ESG ratings, if available<sup>6</sup></li> </ul>	<p><b>Listed equity:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- Most material factors identified by the issuer (see Sustainability Reports), or reporting on SASB<sup>4</sup> metrics, and</li> <li>-- Material ESG factors per industry<sup>5</sup></li> </ul> <p><b>Relevant reading:</b></p> <ul style="list-style-type: none"> <li>- The PRI guidance<sup>7,8</sup>:</li> </ul> <p><b>Private equity:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- Material ESG factors per industry<sup>5</sup>, and</li> <li>-- Use of the PRI guidance on Due diligence questionnaires<sup>9</sup></li> </ul>	<p><b>Buildings<sup>10</sup>:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- (E) – energy efficiency, quality of air conditioning systems, climate vulnerability<sup>11</sup>, water usage, waste management, potential environmental certifications (e.g. LEED, BREEAM, EDGE<sup>12</sup>), and</li> <li>-- (S) – purpose of using the building, tenant health and well-being, potential social certifications, (e.g. WELL<sup>12</sup>), and</li> <li>-- (G) - regulatory compliance of the building, selection and use of service providers with sufficient corporate sustainability practices, and good governance practices in property-related decision making.</li> </ul>

### 3.1.3 Positive screening and Best-in-class

Positive screening at DIB refers to investments that provide solutions to, or have ambitious commitments and performance, on sustainable development challenges. Examples include solutions and commitments for climate change mitigation and adaptation, SDGs and other established ESG themes.

Best-in-Class approach means the selection of investments based on their ESG outperformance versus peers.

<sup>3</sup> The PRI, A Practical Guide to ESG integration in Sovereign Debt: <https://www.unpri.org/download?ac=9696>

<sup>4</sup> SASB standards by the IFRS Foundation: <https://sasb.ifrs.org/implementation-primer/#:~:text=Metrics%3A%20Each%20SASB%20Standard,to%20a%20specific%20disclosure%20topic.>

<sup>5</sup> SASB materiality finder: <https://sasb.ifrs.org/standards/materiality-finder/find/>

<sup>6</sup> E.g. Sustainalytics ([Company ESG Risk Ratings and scores - Sustainalytics](#)) and S&P ([ESG Scores: rating company ESG performance | S&P Global](#))

<sup>7</sup> The PRI, A Practical Guide to ESG Integration for Equity Investing: [https://www.icgn.org/sites/default/files/2021-08/PRI\\_apracticalguidetoessintegrationforequityinvesting.pdf](https://www.icgn.org/sites/default/files/2021-08/PRI_apracticalguidetoessintegrationforequityinvesting.pdf)

<sup>8</sup> The PRI, ESG Integration in Listed Equity: A Technical Guide: <https://www.unpri.org/download?ac=18407>

<sup>9</sup> The PRI, Private Equity: a) An Introduction to Responsible Investment: private equity, b) Due Diligence questionnaires. Both available at: <https://www.unpri.org/investment-tools/private-markets/private-equity>

<sup>10</sup> The PRI, Real Estate: <https://www.unpri.org/investment-tools/private-markets/real-estate>

<sup>11</sup> The PRI, Assessing Physical Climate Risk in Private Markets: A Technical Guide: <https://www.unpri.org/climate-change-for-private-markets/assessing-physical-climate-risk-in-private-markets-a-technical-guide/13135.article>

<sup>12</sup> The PRI, NREV & Urban Land Institute, Mapping ESG - A Landscape Review of Certifications, Reporting Frameworks and Practices: <https://www.unpri.org/download?ac=18437>

Table 3. Positive screening and Best-in-Class and principal methods per asset class.

RI approach (covers both the counterparty and the product/service/fund, where applicable)	Fixed income (sovereign & corporate)	Equity (listed & private)	Real Estate
<b>Positive screening</b>	<b>Sovereign issuers:</b> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider: <ul style="list-style-type: none"> <li>-- Country rankings<sup>13</sup>, or</li> <li>-- Labelled products (Green, Social, Sustainable, Blue, Sustainability-Linked)</li> </ul> </li> </ul> <b>Corporate issuers:</b> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider: <ul style="list-style-type: none"> <li>-- solutions towards sustainable development as per Eligible categories in DIB's SFF<sup>14</sup> or other established themes, or</li> <li>-- Ambitious commitments such as science-based climate target setting<sup>15</sup>, or</li> <li>-- Labelled products (Green, Social, Sustainable, Blue, Sustainability-Linked)</li> </ul> </li> </ul>	<b>Listed &amp; private equity:</b> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider: <ul style="list-style-type: none"> <li>-- Solutions towards sustainable development as per Eligible categories in DIB's SFF<sup>14</sup> or other established themes, or</li> <li>-- Ambitious commitments such as science-based climate target setting<sup>15</sup></li> </ul> </li> </ul>	<b>Buildings:</b> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider: <ul style="list-style-type: none"> <li>-- Leading performance in energy efficiency, or other material ESG theme, or</li> <li>-- Certified buildings as per DIB's SFF<sup>14</sup>, or other established certifications</li> </ul> </li> </ul>
<b>Best-in-Class</b>	<b>Sovereign issuers:</b> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider: <ul style="list-style-type: none"> <li>-- Country rankings<sup>13</sup>, or</li> <li>-- Proprietary analysis</li> </ul> </li> </ul> <b>Corporate issuers:</b> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider: <ul style="list-style-type: none"> <li>-- ESG ratings<sup>16</sup> or proprietary analysis</li> </ul> </li> </ul>	<b>Listed &amp; private equity:</b> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider: <ul style="list-style-type: none"> <li>-- Best-in-Class performance based on ESG scores<sup>16</sup>, or</li> <li>-- Proprietary analysis</li> </ul> </li> </ul>	<b>Buildings:</b> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider: <ul style="list-style-type: none"> <li>-- Top 15% performance in energy efficiency, or other material ESG theme, or</li> <li>-- Certified buildings with the best certifications as per DIB's SFF<sup>14</sup>, or other established certifications</li> </ul> </li> </ul>

### 3.1.4 Active ownership and engagement

Active ownership (stewardship) means that DIB regularly engages with the portfolio company's management (or with the government), has a board member in the company's board, or votes in annual general meetings. Active ownership must regularly consider and address the most material ESG factors, with the aim to make a change towards better sustainability.

The main asset class for active ownership is equity as it provides a governance mechanism via voting. DIB may also engage in other asset classes, and prior making an investment.

<sup>13</sup> Country rankings based on the selected positive screen. For example, country's action on climate (<https://climateactiontracker.org/countries/>) or progress towards SDGs (<https://dashboards.sdindex.org/rankings>)

<sup>14</sup> [https://dib.ae/docs/default-source/pdf/sustainability/dib-sustainable-finance-framework-2024.pdf?sfvrsn=b9efed3c\\_3](https://dib.ae/docs/default-source/pdf/sustainability/dib-sustainable-finance-framework-2024.pdf?sfvrsn=b9efed3c_3)

<sup>15</sup> <https://sciencebasedtargets.org/target-dashboard>

<sup>16</sup> E.g. Sustainalytics (<https://www.sustainalytics.com/esg-ratings>) and S&P (<https://www.spglobal.com/esg/solutions/esg-scores-data>)

Table 4. Active ownership and engagement, and principal methods per asset class.

RI approach (covers both the counterparty and the product/service/fund, where applicable)	Fixed income (sovereign & corporate)	Equity (listed & private)	Real Estate
<b>Engagement (including a DIB board member)</b>	<p><b>Sovereign issuers:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- Engagement with governments to promote the selected ESG theme, for example climate change mitigation. Alternatively, collaborative engagement (engaging with other investors<sup>17</sup>).</li> </ul> <p><b>Corporate issuers:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- Regular engagement with the portfolio company's management on material ESG factors, or</li> <li>-- Board member regularly brings up material ESG factors.</li> </ul>	<p><b>Listed &amp; private equity:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- Regular engagement with the portfolio company's management on material ESG factors, or</li> <li>-- Board member regularly brings up material ESG factors.</li> </ul>	<p><b>Buildings:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider – regularly aim to take forward:</li> <li>-- (E) – energy efficiency, quality of air conditioning systems, climate vulnerability<sup>18</sup>, water usage, waste management, or potential environmental certifications (e.g. LEED, BREEAM, EDGE<sup>19</sup>), and</li> <li>-- (S) – purpose of using the building, tenant health and well-being, or potential social certifications, (e.g. WELL<sup>19</sup>), and</li> <li>-- (G) - regulatory compliance of the building, selection and use of service providers with sufficient corporate sustainability practices, and good governance practices in property-related decision making.</li> </ul>
<b>Voting</b>	<p><b>Sovereign &amp; corporate issuers:</b></p> <ul style="list-style-type: none"> <li>- Not applicable</li> </ul>	<p><b>Listed &amp; private equity:</b></p> <ul style="list-style-type: none"> <li>- Minimum ESG metrics to consider:</li> <li>-- Voting which is informed by a thorough analysis on material ESG factors</li> </ul>	<p><b>Buildings:</b></p> <ul style="list-style-type: none"> <li>- Not applicable</li> </ul>

### 3.1.5 Thematic and Impact Investments

When DIB classifies investments based on ESG themes such as clean energy, clean transportation or sustainable digitalisation, they are called thematic investments.

Impact investments are very close to thematic investments, but in addition, they require a pre-determined impact based on which the success of the impact metric is measured.

<sup>17</sup> <https://www.unpri.org/collaborative-sovereign-engagement-on-climate-change/about-the-collaborative-sovereign-engagement-on-climate-change/13103.article#:~:text=How%20the%20Collaborative%20Sovereign%20Engagement,exposure%20to%20the%20global%20economy.>

<sup>18</sup> The PRI, Assessing Physical Climate Risk in Private Markets: A Technical Guide

<sup>19</sup> The PRI, NREV & Urban Land Institute, Mapping ESG - A Landscape Review of Certifications, Reporting Frameworks and Practices: <https://www.unpri.org/download?ac=18437>

Table 5. Thematic and Impact Investments and principal methods per asset class.

<b>RI approach</b> (covers both the counterparty and the product/service/fund, where applicable)	<b>Fixed income</b> <b>(sovereign &amp; corporate)</b>	<b>Equity</b> <b>(listed &amp; private)</b>	<b>Real Estate</b>
<b>Thematic Investments</b>	<b><u>Sovereign &amp; corporate issuers:</u></b> - Minimum ESG metrics to consider: -- Investment must be directly linked to an established ESG theme such as Eligible categories in DIB's SFF <sup>20</sup>	<b><u>Listed &amp; private equity:</u></b> - Minimum ESG metrics to consider: -- Investment must be directly linked to an established ESG theme such as Eligible categories in DIB's SFF <sup>20</sup>	<b><u>Buildings:</u></b> - Minimum ESG metrics to consider: -- Investment must be directly linked to an established ESG theme – e.g. Green Buildings as per DIB's SFF <sup>20</sup>
<b>Impact Investments</b>	<b><u>Sovereign &amp; corporate issuers:</u></b> - Minimum ESG metrics to consider: -- Pre-determined impact target must be in place (for example, decrease in greenhouse gas emissions or installation/production of renewable energy <sup>21</sup> )	<b><u>Listed &amp; private equity:</u></b> - Minimum ESG metrics to consider: -- Pre-determined impact target must be in place (for example, decrease in greenhouse gas emissions or installation/production of renewable energy <sup>21</sup> )	<b><u>Buildings:</u></b> - Minimum ESG metrics to consider: -- Pre-determined impact target must be in place (for example, decrease in greenhouse gas emissions or installation/production of renewable energy <sup>21</sup> )

<sup>20</sup> [https://dib.ae/docs/default-source/pdf/sustainability/dib-sustainable-finance-framework-2024.pdf?sfvrsn=b9efed3c\\_3](https://dib.ae/docs/default-source/pdf/sustainability/dib-sustainable-finance-framework-2024.pdf?sfvrsn=b9efed3c_3)

<sup>21</sup> Sustainability Department supports with these

## 3.2 Responsible Investment in practice

For credible Responsible Investment practices, DIB has adopted the same internal process for what qualifies as Responsible Investment as we have for Sustainable Finance. It comprises of five steps: I. Identification, Screening & Analysis, II. Presentation & Approval, III. Responsible Investment Register, IV. Internal Reporting, and V. External Reporting & Assurance (Graph 4).

I. IDENTIFICATION, SCREENING & ANALYSIS	II. PRESENTATION & APPROVAL	III. RESPONSIBLE INVESTMENT REGISTER	IV. INTERNAL REPORTING	V. EXTERNAL REPORTING & ASSURANCE
<p>A. DIB'S relevant departments identify and suggest potential new Responsible investments from their portfolios*.</p> <p>B. Suggestion of new Responsible Investments is sent monthly to the Sustainable Finance Committee (SFC) for analysis.</p>	<p>C. In the monthly SFC meeting, relevant departments present their suggestions on new Responsible Investments.</p> <p>D. SFC approves the classification of new Responsible Investments.</p>	<p>E. New Responsible Investments are added to DIB's Responsible Investment Register.</p>	<p>F. The Responsible Investment Register is circulated in the organisation monthly.</p> <p>G. The Responsible Investment Register is reported to the Management Sustainability Committee (MSC) and Board Sustainability Committee (BSC) on a quarterly basis for endorsement.</p>	<p>H. DIB publishes Sustainable Finance and Sustainability Reports** on its web pages. Selected Responsible Investment highlights are included to reporting.</p> <p>I. DIB's Sustainable Finance and Sustainability Reports are subject to limited assurance by a qualified third party.</p>

\*An investment qualifies as a Responsible Investment if it fulfils the following minimum criteria: 1) subject to Sharia and sanctions-based exclusions as specified in section 3.1.1, and 2) subject to one or several responsible investment approaches as specified in sections 3.1.2 – 3.1.5 or norms-based exclusions as specified in section 3.1.1.

\*\*The Sustainable Finance Report is published annually or semi-annually, if required by local authorities. The Responsible Investment highlights will be included to the full year report.

Graph 4. DIB's process for responsible investment.

Any investment referred by the Investment Committee or referred by the Management Credit Committee, or any investment solutions referred by the Wealth Management Portfolio Committee will be screened for Responsible Investment qualification by the Sustainable Finance Committee (SFC). Relevant departments are responsible for sending suggested new Responsible Investments to the SFC on a monthly basis (Graph 4., Step I.).

In the monthly SFC meetings, Wealth Management, Treasury and International Business and Real Estate Investments present the suggested new Responsible Investments for SFC for approval and the SFC approves their classification as RIs (Graph 4., Step II.) under the oversight of MSC.

Then, the Responsible Investment Register shall be updated to include the new investments that fulfil the Responsible Investment definition as explained in this Framework (Graph 4., Step III.).

## 4. Reporting

To ensure transparency and accountability, DIB implements a comprehensive internal Responsible Investment reporting process:

- On a monthly basis, DIB circulates a Responsible Investment Register to relevant unit leaders (Graph 4, step IV.).
- On a quarterly basis, DIB reports on the Responsible Investment Register to the MSC and BSC (Graph 4., Step IV.).
- Externally, DIB does not publish a dedicated Responsible Investment report. Highlights of DIB's Responsible Investment activities shall be incorporated into our Sustainable Finance Report and our Sustainability Report on DIB's web pages. The highlights are subject to a limited assurance by a qualified external third-party (Graph 4, step V.).

## **5. Review process**

### **5.1 Annual review**

The Sustainability Department reviews this Framework annually..

### **5.2 Approval process for updates**

If updates are proposed, the Sustainable Finance Committee will first approve the proposed updates, followed by the Management Sustainability Committee and the Board Sustainability Committee. The final approval is given by the Board. Internal Sharia Supervision Committee approval is required for any updates and amendments to this document.

### **5.3 Ownership**

The Board Sustainability Committee (BSC) is the ultimate owner of this document.

### **5.4 Transparency and future updates**

DIB is committed to maintaining or enhancing the current level of responsible investment practices and transparency. Any updated Framework will be published on DIB's Sustainability and Investor Relations web pages, superseding the previous version.



## Annexure

### Annexure I – Sharia Principles and Compliance

#### Sharia Principles:

1. Guided by the principles of Sharia, DIB integrates Islamic finance and investment principles into modern banking, active ownership, investment and wealth management practices.
2. As an Islamic Bank, Owner, Investor and Wealth Manager, DIB operates within the Islamic economic ecosystem, adhering to the highest ethical standards. Transparency, justice, and avoiding practices and activities prohibited by Sharia are core values in DIB's approach.
3. DIB strictly avoids Riba (interest). Instead, it engages in trade and investment activities to generate permissible (Halal) profits. This means DIB does not accept deposits or provide conventional loans based on interest.
4. Dubai Islamic Bank ensures accuracy, transparency, and clarity in all transactions, including those related to sustainable Islamic finance. DIB is committed to adopting leading sustainability standards and disclosing them to its clients.

#### Sharia Compliance:

Reference to the below issued Notices and Resolution by Higher Sharia'ah Authority of Central Bank of UAE:

Notice No. 5727.2021 re The Interpretation of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shari'ah Standards.

Notice No. 2123.2020 Standard Re-Shari'ah Governance For Islamic Financial Institutions. Notice No. 1198.2021 re Standards re Risk Management Requirements for Islamic Banks

Notice No. 1906.2024 Standard and Guidance Note Re Shari'ah Compliance Function at Islamic Financial Institution.

Notice No. 5885.2023 re The Higher Shari'ah Authority Resolution re The Guiding Principles Regarding Islamic Sustainable Finance

#### Sharia Governance Framework:

1. DIB ensures Sharia compliance by offering products and services that adhere to Sharia rules and principles as documented in the AAOIFI Sharia'a standards and Central Bank of UAE - Higher Sharia'ah Authority's (CBUAE-HSA) resolutions.
2. DIB adheres to Sharia principles in all its objectives, strategy, policy level documents such as code of conduct, operations, products and activities.
3. All DIB products and services are approved by the Internal Sharia Supervision Committee (ISSC) which is comprised of highly reputable scholars and experts in Islamic jurisprudence (Fiqh) and Islamic commercial law (Fiqh al-Muamalat) before their launch.
4. All DIB documents such as contracts and agreements, and related terms and conditions including schedule of charges and marketing materials must be reviewed by the Group Internal Sharia Control Department (GISCD) and approved by the ISSC to ensure full conformity with Sharia principles and requirements.
5. DIB incorporates into its overall risk management framework the Sharia non-compliance risk - its identification, assessment, mitigation and management. This ensures that adequate controls are in place to mitigate the risk of Sharia non-compliance.
6. DIB implements a robust Sharia governance framework with regular Sharia-based internal control assessments to maintain the highest standards of Sharia compliance.

## Annexure II – DIB methodology for considering ESG factors in investments

The DIB methodology builds on the concept of sector and client specific materiality. The aim is to assess the investment targets' and investees' business thoroughly to understand which ESG factors may contain material risks and / or opportunities.

The following table contains examples of ESG factors that DIB methodology considers when analysing the most material factors:

Environmental	Social	Governance
Compliance with regulation and norms & Readiness for new ESG regulation	Compliance with regulation and norms & Readiness for new ESG regulation	Compliance with regulation and norms & Readiness for new ESG regulation
Climate change and emissions management	Diversity in leadership and board	Sharia Governance Framework, Code of Conduct and other relevant policies
Biodiversity loss	Talent attraction and retention	Innovation
Circular economy	Occupational Health and Safety	Approach on taxes, policy and practices
Clean water and water scarcity	Well-being at work	Anti-bribery and anti-corruption practices
Environmental commitments and environmental management programs	Human and labor rights	Board structure and composition
Energy management	Product responsibility	Board selection and independence
Chemicals	Data privacy	CEO & executive committee composition
Conflict minerals	Cyber security	ESG in remuneration
Management of externalities	Stakeholders (incl. communities of operation and customer satisfaction)	Management of greenwashing risk

The most material ESG factors are to be analysed through to the following steps:

- Inclusion to the business strategy
- Inclusion to the risk management framework
- Respective targets and metrics
- Reporting on the most material factors
- External verification / assurance of the above.

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