
2009 Social Responsibility Survey of Islamic Financial Institutions

Report Information and Survey Questionnaire

June/July 2009

Organizing Institutions

DinarStandard
Growth Strategies for OIC* Markets

 **Dar Al Istithmar**
دار الإستثمار
The Global Leader In Islamic Financial Innovation

Supporting Institution



**Accounting and Auditing Organization
for Islamic Financial Institutions**

2009 Social Responsibility Survey of Islamic Financial Institutions

Overview: Dar Al Istithmar--a leading Islamic Finance consultancy, and Dinar Standard--a market intelligence consultancy focussed on the OIC (Organization of the Islamic Conference) member countries, have developed the Social Responsibility Survey for Islamic Financial Institutions whose objective is to benchmark and recognize Islamic Financial Institutions on their social responsibility efforts.

Purpose: The Survey seeks to benchmark the initiatives of Islamic Financial Institutions contributing to building a truly Islamic conception of business that seeks to balance profit motives with societal development. The Survey will produce a first-ever Industry CSR Benchmarking and Trends Report and Award. This survey is in support of the notion of a *taqwa*-centric enterprise of which Islamic Financial Institutions are the torch-bearers.

Approach: The Report is based on a voluntary, self-assessment survey, comprising 23 sets of questions. The survey and its components are based on the Accounting and Auditing Organisation for Islamic Financial Institution's (AAOIFI) Governance Standard No. 7: Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions. All full or subsidiary Islamic Financial Institutions are eligible to participate. The survey will be sent to the largest Islamic Financial Institutions (full, or subsidiaries) and other eligible Institutions are invited to complete it online or submit through fax, email or regular mail. Survey answers have to be signed off by a company's relevant representative.

Benefits to Institutions submitting survey: 1) Each Institution submitting the survey will receive a confidential benchmark report that shows their exact CSR rating as well as a summary of various best practices and success stories. 2) An Industry CSR Trends Report with key Institutional Success stories will be published on DinarStandard.com and publicized through other regional business media. 3) Islamic Finance CSR Awards – called the “*Maqasid Al-Shari'a*” Awards will also be distributed recognizing:

- Best Socially Responsible Islamic Financial Institution
- Best Socially Responsible Islamic Investment Bank
- Best Socially Responsible Islamic Commercial Bank
- Best Socially Responsible Islamic Subsidiary
- Best Socially Responsible Investments
- Best Socially Responsible Customer Service Policies
- Best Socially Responsible Employee Policies
- Best Socially Responsible Micro, Small Business and Social Savings Policies
- Best Socially Responsible Charitable Activities

Evaluation Criteria: Organisations will solely be assessed based on a quantitative calculation of the sum of their total 'yes' responses to the attached questionnaire. However, please attach any supporting information, which may be in the form of annual reports, brochures and any other material relating to this activity.

Supplementary information will not be utilised to assess the nominee, but as an audit of the information and to provide information to the general public about the activities of the Islamic Financial Institution.

Supplementary Information: Please stipulate or attach any supplementary information or materials you would like to include to support your survey responses. Please note that none of this information or materials will be utilised for subjective assessment. However, the award winning institutions may be requested to provide such information (background of their CSR practices) for the benefit of other institutions.

Survey Submission Options/ Deadline

The Survey can be submitted by mail, fax, email, or through an online secure website. Kindly return the duly completed questionnaire latest by 21st July 2009:

By Mail

Maqasid Al-Sharia –CSR Survey
C/o AAOIFI
P.O. Box 1176
Manama
Kingdom of Bahrain

By Fax

+441865244762

By E-mail

sayd.farook@daralistithmar.com
(scanned copy)

Secure Website

<http://www.dinarstandard.com/maqasid/>

Should you have any enquiries or require the soft copy of the Questionnaire form, please do not hesitate to contact Dr. Sayd Farook, DI (tel: +973 3646 9917 or email: sayd.farook@daralistithmar.com)

ABOUT DinarStandard™:

DinarStandard™ is a growth strategy and market intelligence consultancy focused on OIC (Organization of the Islamic Conference) markets. It uniquely leverages original market and consumer insights that enable clients to expand into new markets, innovate, and develop high impact marketing strategies. DinarStandard™ delivers on-the-ground research-based assessments of OIC emerging markets (GCC, Indonesia, Malaysia, Turkey, Kazakhstan, Pakistan, Egypt, Jordan, Nigeria) entry potential, partner identification, navigating regulatory and bureaucratic requirements, and capital sourcing intelligence. Its vision is to facilitate businesses in the OIC markets to become global leaders with recognized brands and services while leveraging their unique identity.

ABOUT Dar Al Istithmar

Dar Al Istithmar (DI), a global Shari'a advisory firm based in the United Kingdom, is a joint venture between Oxford Islamic Finance, a renowned Islamic research institute, and Russell Wood Limited, an FSA regulated entity in the United Kingdom and member of the London Stock Exchange. Harnessing the strength of its team of experienced Islamic financial consultants and its Shari'a Supervisory Board consisting of world renowned Shari'a Scholars, DI offers a unique combination of Islamic financial expertise and research capabilities to lead the development of innovative Islamic financial products. Dar Al Istithmar has been awarded the "Best Islamic Assurance and Advisory Services" in 2006 and the "Best Islamic Advisory House" in 2007 by Euromoney.

ABOUT Accounting and Auditing Organization for Islamic Financial Institutions

Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), based in Bahrain, is the international organization responsible for development and issuance of standards on accounting, auditing, ethics, governance, and Shari'a standards for Islamic finance industry. AAOIFI standards have been adopted as part of regulatory requirements for Islamic financial institutions in leading Islamic finance jurisdictions including Bahrain, Dubai International Financial Centre, Jordan, Qatar, Sudan, and Syria as well as by Islamic Development Bank group. The standards are also followed as guidelines or basis of national standards in all other jurisdictions including Kuwait, Bangladesh Brunei, Indonesia, Malaysia, Pakistan, Saudi Arabia, and United Arab Emirates, and United Kingdom. In order to support technical understanding and application of the standards, also offers Certified Islamic Professional Accountant and Certified Shari'a Adviser and Auditor professional development programs as well as financial contract certification program.

**2009 Social Responsibility Awards for Islamic Financial Institutions
Survey Questionnaire**

Organisation Name: _____

Type of Islamic Financial Institution (circle):

Subsidiary / Commercial / Investment / Universal

Organisation Representative: _____

Representative Title: _____

Address: _____

Telephone: _____ **Fax:** _____

Email: _____

I certify, under the authority to represent on behalf of the organisation stated above, that the information I have provided presents a truthful and accurate view of the activities conducted by the organisation.

Signature of Representative: _____

2009 Social Responsibility Awards for Islamic Financial Institutions Survey Questionnaire

For further details or information on each question, please refer to the AAOIFI Governance Standard No. 7 Corporate Social Responsibility Conduct and Disclosure for Islamic Financial Institutions (attached).

We appreciate that some of these questions may not be applicable to your organisation. If any of the following questions are not applicable to your type of organisation, please select N/A. It will not be counted towards the final score received by your organisation.

Tick the applicable box [√]

		Tick	Tick	Tick	
1	Screening Clients				
1.1	Does your organisation have a policy to screen prospective clients that is actively implemented?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	1
2	Responsible Dealing with Clients				
2.1	Does your organisation have a policy for responsible dealing with clients that is actively implemented?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	2
3	Earnings and expenditure prohibited by Shari'a				
3.1	Does your organisation have a policy to deal with earnings and expenditure prohibited by Shari'a (impermissible or <i>haram</i> transactions) that are actively implemented?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	3
4	Employee Welfare				
4.1	Does your organisation have any policy which requires equal opportunity for all employees, regardless of gender, race, religion, disability or socio-economic background?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	4
4.2	Does your organisation have any policy that specifically requires merit-based salary and promotion structure for all employees, regardless of gender, race, religion, disability or socio-economic background?	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	5
4.3	Does your organisation have any policy that specifically requires establishing, monitoring and acting on realisable quotas/targets for employment of staff from disadvantaged backgrounds, with disabilities,	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>	6

from a minority/excluded group, and/or from under-represented groups in the formal economy (including females)?

- | | | | | | |
|--|---|---------------------------------|--------------------------------|---------------------------------|----|
| 4.5 | Does your organisation have any policy that specifically prohibits discrimination, including and not limited to gender, race, religion, disability or socio-economic background, penalties for such discrimination and avenues for complaints for such discrimination without any manner of recrimination? (Answer yes if any are applicable) | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> | N/A
<input type="checkbox"/> | 7 |
| 5 Zakah | | | | | |
| 5.1 | Does your organisation have a policy to collect and distribute Zakah revenues on behalf of clients, customers or shareholders? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> | N/A
<input type="checkbox"/> | 8 |
| 6 Qard Hasan | | | | | |
| 6.1 | Does your organisation have a policy for Qard Hasan distribution for social reasons? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> | N/A
<input type="checkbox"/> | 9 |
| 7 Reduction of Adverse Impact on the Environment | | | | | |
| 7.1 | Does your organisation have a proactive policy for reducing the impact of your organisation on the environment? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> | N/A
<input type="checkbox"/> | 10 |
| 8 Social, Development and Environment based Investment Quotas | | | | | |
| 8.1 | Does your organisation have a proactive policy for social, development oriented and/or environment based investment quotas? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> | N/A
<input type="checkbox"/> | 11 |
| 8.3 | Does your organisation have quotas/targets for social-impact investments, based on the role that the investments play in any of the following: | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> | N/A
<input type="checkbox"/> | 12 |
| | a) assisting poor and needy individuals and families, by financing business opportunities and/or education? | | | | |
| | b) assisting orphans? | | | | |
| | c) assisting heavily indebted individuals or families with unfortunate circumstances? | | | | |
| | d) assisting in the provisioning of health and medical services to impoverished communities or areas? | | | | |
| | e) assisting in the development of research and education facilities, particularly those that utilize and empower disadvantaged individuals or communities? | | | | |
| | f) assisting the development of small and medium sized entrepreneurs and family businesses? | | | | |

	g)	encouraging the development of Islamic and native societal culture?				
	h)	discouraging contemporary social ills and vices, opportunities and/or education?				
8.4		Does your organisation have quotas/targets for development impact investments (tick the box if your organisation is active in any of the following)	Yes	No	N/A	13
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	a)	that offer significant growth potential for the country of operation or for another developing country?				
	b)	that significantly contribute to the development of infrastructure in the country of operation or for another developing country?				
	c)	that have a significant proportion of small to medium size enterprises (SME) or indirectly rely on small to medium size enterprises (SME)?				
	d)	that directly or indirectly assists in the alleviation of social and economic disadvantages and discrimination, including and not limited to the micro-finance industry and third-sector organizations?				
8.5		Does your organisation have quotas/targets for environment impact investments, based on the role that the investments play in:	Yes	No	N/A	14
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	a)	protecting the environment?				
	b)	reducing the impact of development on the environment?				
	c)	encouraging individuals and institutions to protect and preserve the natural environment and reduce the impact of development on the environment?				
	d)	increasing the use of renewable, sustainable sources of energy and/or reducing the reliance on scarce non-renewable sources of energy?				
9		Customer Service				
9.1		Does your organisation actively implement any policy to develop AND monitor <i>par excellence</i> customer service skills of employees (and contractors)?	Yes	No	N/A	15
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10		Micro, small business and social savings and investments				
10.1		Does your organisation actively implement any policies to assist micro and small businesses and/or social savings and investments?	Yes	No	N/A	16
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10.2		Does your organisation encourage through pro-active policies social savings for marriages, children's education, community based programs or other social welfare programs?	Yes	No	N/A	17
			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10.4		Does your organisation encourage through pro-active policies family	Yes	No	N/A	18

savings and investment?

11 Charitable Activities

- | | | | | | |
|------|---|--------------------------|--------------------------|--------------------------|----|
| 11.1 | Does your organisation have pro-active policies/support for charitable activities? | Yes | No | N/A | 19 |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | | | | | |
| 11.3 | Does your organisation establish/administer fundraising drives (emergency or otherwise) from amongst its clients? | Yes | No | N/A | 20 |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | | | | | |
| 11.4 | Does your organisation actively target groups, communities or institutions that require assistance, including and not limited to poor and needy individuals, orphans, heavily indebted individuals or families with unfortunate circumstances, health and medical services? | Yes | No | N/A | 21 |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

12 Waqf Management

- | | | | | | |
|------|--|--------------------------|--------------------------|--------------------------|----|
| 12.1 | Does your organisation have pro-active support/policies to manage <i>Waqf</i> properties on behalf of their beneficiaries? | Yes | No | N/A | 22 |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |

13 Miscellaneous

- | | | | | | |
|------|--|--|--|--|----|
| 13.1 | Please list below, the Social Responsibility initiatives that your Institution is most proud of. These may cover aspects of | | | | 23 |
| | <ul style="list-style-type: none"> • Investments, • Customer Service Policies, • Employee Policies • Micro, Small Business and Social Savings Policies • Charitable Activities (please include any supportive materials, web references): | | | | |

NOTE: PLEASE PROVIDE ANY SUPPLEMENTARY INFORMATION TO SUPPORT YOUR RESPONSES AND TO ASSIST IN THE EVALUATION PROCESS.