

## Sustainability Disclosures of Islamic Banks in Indonesia

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**Abstract:** This study discusses various initiatives and strategies implemented by several Islamic banks in Indonesia to support environmental sustainability, climate change adaptation, and social welfare improvement. The main focus includes greenhouse gas (GHG) emissions disclosure, climate change adaptation, disaster risk management, human rights, corruption prevention, and environmental and social responsibility (CSR) programmes. By adopting environmentally friendly technologies such as solar panels and LED lights to reduce GHG emissions, as well as conducting natural disaster simulation training to improve operational resilience to climate change. The implementation of anti-corruption policies and the application of international standards demonstrate a commitment to transparency and integrity. CSR programmes covering education, health and economy aim to improve community welfare. Biodiversity preservation efforts through tree planting and coastal ecosystem conservation demonstrate dedication to environmental sustainability. Through this holistic and transparent approach, the banks not only contribute to climate change mitigation but also create extensive social benefits for the community. This research is a qualitative approach with the ATLAS ti tool.

**Keywords:** Sustainability Report Disclosure, Economic, Environmental, Social

### I. Introduction

Information is essential in every activity, including economic activities, and is crucial in the process of sustainable social, economic and environmental development. To achieve sustainable development goals, adequate information is needed to ensure effective decisionmaking and to help people in decision-making communicate with each other and to ensure that people and decision-makers can communicate well (Chmielowiec-Lewczuk et al., 2023). In 2015, the United Nations (UN) announced 17 Sustainable Development Goals (SDGs). However, each of these SDGs is described as a different endeavour, such as the pillars of sustainable development (Greenland et al., 2022).

The Sustainable Development Goals (SDGs) set by the United Nations (UN) provide a universal framework that can be used to address pressing economic, environmental, and social challenges around the world. Business innovation has an important role to play in the SDGs agenda to drive positive change and promote the triple bottom line of sustainability: people, planet and prosperity (Azmat et al., 2023). The number of companies publishing sustainability report data has increased rapidly in recent decades (Filtikaki et al., 2023). In addressing sustainable development challenges, many types of innovation interact and work together, emphasising the importance of economic, environmental and social sustainability. The Sustainable Development Goals (SDGs) serve as both tools and goals for innovation; any innovation undertaken to achieve one of the SDGs will contribute to the realisation of the other SDGs. (Azmat et al., 2023).

Renewable energy is used by companies that are progressive in production, procurement, supply chain operations and digital technology. Organisations are also using new methods and technologies to use resources effectively, avoid waste and improve efficiency. Production using green manufacturing generates considerable and sustainable value through practices such as extended and repeated use of raw materials, internal consumption of waste materials, and establishment of interlinked markets for different by-products. Buyers from large corporations want sustainable goods and services and partners committed to sustainability. As such, implementing green policies and initiatives can help ensure that suppliers are assessed more easily. In today's competitive market, manufacturers need to be agile with exceptional service and support to be the most cost-effective, durable and high-quality. (Haleem et al., 2023).

Companies should not see these actions as a matter of compliance through environmental, social and governance (ESG) reporting. Instead, it should be seen as a philosophy that drives their goals, actions and operations. This method creates and maintains their credibility as sustainable companies and helps them develop plans for continued progress. Abundant resources are not always necessary for frugal innovation; what is required is a creative and innovative mindset. (Azmat et al., 2023).

Sustainability is becoming an increasingly important issue for businesses and their stakeholders around the world, including Islamic banking. (Filtikaki et al., 2023). Banks should report on their innovations related to economic, social, and environmental sustainability to understand stakeholders and encourage them to actively participate in the SDGs. (Azmat et al., 2023). Sustainability in Islamic bank business is increasingly recognised. Islamic banks are encouraged to publish sustainability reports as their principles emphasise fairness, social responsibility and good environmental management. Stakeholders are increasingly interested in getting more open information about Islamic banks' sustainable practices. This has led Islamic banks to be more open in publishing their sustainability reports. More and more Islamic banks are focusing on environmentally friendly investments and initiatives, demonstrating their commitment to support sustainability initiatives by disclosing sustainability reports.

Indonesia is one of the member states of the United Nations that plays an active role in determining the targets of the Sustainable Development Goals. To fulfil this, Indonesia has developed a National Action Plan consisting of Greenhouse gas emission reduction plan (RAN-GRK), climate change adaptation plan (RAN-API), disaster management policy and strategy document (JAKSTRA PB), human rights plan (RAN-HAM), national strategy for corruption prevention and eradication (STRANAS PPK), food and nutrition plan (RAN-PG) and Indonesian Biodiversity Strategy and Action Plan (IBSAP). (PPN/Bappenas, 2020). This study will explore the implementation of the national action plan in Islamic banks by looking at their sustainability reports. This research aims to provide an understanding to sustainability report preparers about transparency issues and innovation in their sustainability reporting. Generally, research on sustainability is conducted using a quantitative approach. This study uses a qualitative approach to determine the extent to which Islamic banks support the government programme in order to achieve sustainable development goals.

## **II. Literature Review 1.**

### **Sustainable Development Goals (SDGs)**

Since the beginning of 2016, almost all countries in the world have agreed to implement the sustainable development goals discussed and set out in the concept of sustainable development on a global scale in the Sustainable Development Goals (SDGs). To achieve the SDGs, the United Nations Framework Convention on Climate Change (UNFCCC) collaborates with the Cooperation of Parties (COP) forum. (Muamalat, 2023). The Sustainable Development Goals (SDGs) are developments that continue to improve people's economic welfare, the sustainability of people's social lives, environmental quality, justice, and governance that can maintain the quality of life from generation to generation. SDGs are global and national commitments in an effort to improve the welfare of society including 17 goals namely: (1) No Poverty; (2) No Hunger.; (3) Healthy and Prosperous Lives; (4) Quality Education; (5) Gender Equality; (6) Clean Water and Sanitation; (7) Clean and Affordable Energy; (8) Decent Work and Economic Growth; (9) Industry, Innovation and Infrastructure; (10) Reduced Inequalities; (11) Sustainable Cities and Settlements; (12) Responsible Consumption and Production; (13) Addressing Climate Change; (14) Ocean Ecosystems; (15) Terrestrial Ecosystems; (16) Peace, Justice and Resilient Institutions; and (17) Partnerships to Achieve the Goals. (PPN/Bappenas, 2020).



Currently, the focus of world development is on sustainable development with 17 goals. Indonesia is one of the many countries that have committed to the sustainable development goals. Consequently, in order to achieve the SDGs by 2030, sustainability research will help identify issues that should be considered (Meutia et al., 2022).

In the 2020 National Action Plan (NAP) guidebook, related policy documents: (1) NAP on reducing Greenhouse Gas Emissions (RANGRK), (2) NAP on climate change adaptation (RAN-API), (3) Disaster management policy and strategy document (JAKSTRA PB), (4) NAP on Human Rights (RAN-HAM), National Strategy on Corruption Prevention and Eradication (STRANAS PPK), (5) RAM on Food and nutrition (RAN-PG) and (6) Indonesian Biodiversity Strategy and Action Plan (IBSAP).

### 1. Global Report Initiative (GRI) Standard

The GRI Standards set out the requirements for disclosure in corporate sustainability reports. A production system that meets the needs of current consumers without compromising the needs of the future is called economic sustainability. Thus, economically viable companies or countries must use their resources effectively and responsibly in order for them to operate sustainably and generate profits from their operations. (Filtikaki et al., 2023). The economic sustainability standards aim to ensure that economic growth is not only financially sustainable but also environmentally sound and socially just. The economic sustainability standards consist of 13 standards. The implementation of economic sustainability standards requires collaboration between the government, private sector and civil society.

In the environmental sustainability standard, to live sustainably, we need to ensure the consumption of natural resources such as raw materials, energy fuels, land, and water is done sustainably. Certain resources are more abundant or recyclable, so consideration should be given to the extent of resource depletion and scarcity, the impact of exploitation on the environment, and the preservation of resources in accordance with the circular economy principle. (Filtikaki et al., 2023). Environmental sustainability standards aim to reduce the negative impact of human activities on nature and encourage practices that support environmental sustainability. The environmental sustainability standards consist of 30 standards.

The social sustainability standard is the ability of a society, or any social system, to achieve social well-being in a sustainable manner. Achieving social sustainability means that the social well-being of a country, organisation or community can be sustained over the long term, ensuring that future generations have the right to a quality of life equal to or better than that of current generations (Filtikaki et al., 2023). The social sustainability standards aim to ensure that development and economic growth do not come at the expense of human wellbeing, but instead improve quality of life in a fair and equitable manner. The social sustainability standards consist of 34 standards.

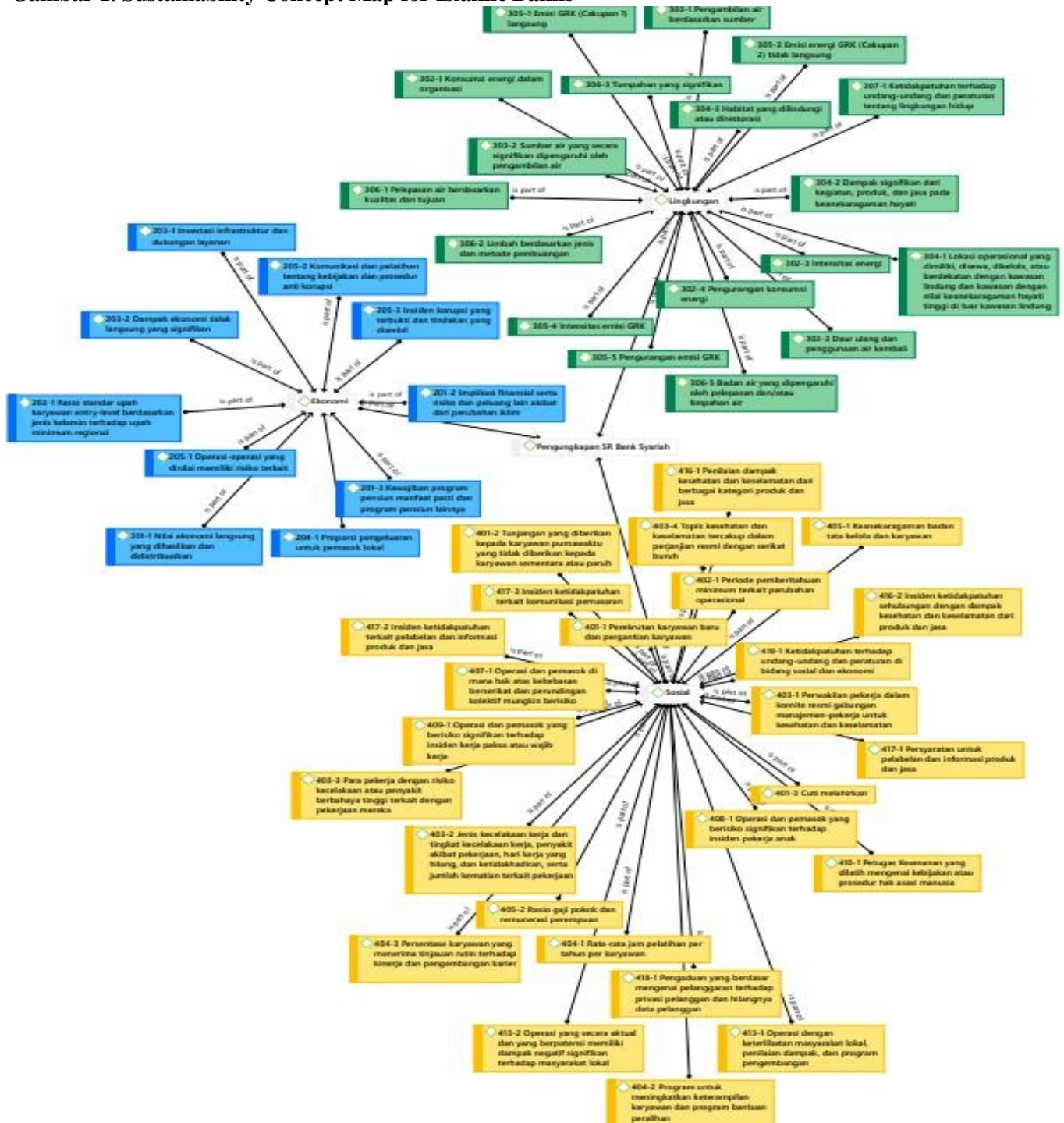
### **III. Research Methods**

This research uses a qualitative approach, namely research that describes the condition of an object without using inferential statistical analysis. The research sample selection used purposive sampling so that four Islamic banks were selected, namely Bank Syariah Indonesia (BSI), Bank Muamalat, Bank Riau Kepulauan Syariah (BRKS) dan Bank Central Asia Syariah (BCAS). The research data is the sustainability report of Islamic banks in 2023 obtained from the website of each company. The selection of these banks is because the author considers their sustainability reports to be systematic. In order to analyse the data more objectively, the author used the ATLAS ti tool. The author reads the sustainability report by taking the codes made by the bank in accordance with the GRI Standard.

### **IV. Results and Discussion 1. Results**

The disclosure of sustainability reports adopts the Global Report Initiative (GRI) standard which consists of three sustainabilities, namely economic, environmental and social. To analyse the extent to which Islamic banks disclose their sustainability in relation to the National Action Plan set by the government. From the results of the analysis using ATLAS ti can be seen in table 1 disclosure of economic sustainability: BSI discloses as many as six, namely 201-1, 201-2, 201-3, 203-1, 205-1 dan 205-2 Bank Muamalat revealed as many as 8, namely 201-1, 201-3, 202-1, 203-1, 204-1, 205,2 and 205,3 BRKS revealed as many as 4, namely 201-1, 203-2, 205-1 and 205-3 and BCAS revealed as many as 4, namely 201-2, 205-1, 205-2 dan 205-3. In table 2 environmental sustainability disclosures: BSI revealed as many as 8, namely 302-1. 302-4, 303-1, 303-3, 204-3, 305-1, 305-2 and 305-5, Bank Muamalat revealed as many as 8, namely 302-3, 303-1, 303-3, 305-1, 305-2, 305-4, 305-5 dan 307-1, BRKS reveal 7 that is 303-1, 303-2, 303-3, 306-1, 306-2, 306-3 and 306-5, BCAS revealed as many as 7, namely 303-1, 303-2, 304-1, 304-2, 305-1, 305-2 and 306-2. In table 3 the disclosure of social sustainability: BSI discloses as many as 18, namely 401-1, 401-2, 402-1, 403-1, 403-2, 403-3, 403-4, 404-2, 404-3, 405-1, 405-2, 408-1, 409-1, 413-1, 417-1, 417-2, 417-3 and 418-1, Bank Muamalat revealed as much 21 this is 401-1, 401-2, 401-3, 402-1, 403-1, 404-1, 404-2, 404-3, 405-1, 405-2, 407-1, 408-1, 409-1, 410-1, 413-1, 413-2, 417-1, 417-2, 417-3, 418-1 and 419-1, BRKS mengungkapkan as many as 12, namely: 401-1, 401-3, 402-1, 4031, 403-3, 403-4, 404-2, 405-2, 417-1, 417-2, 417-3, and 418-1.

**Gambar 1. Sustainability Concept Map for Islamic Banks**



Description:  
 Blue Colour : Economic Sustainability  
 Green Colour : Environmental Sustainability  
 Yellow colour : Social Sustainability a.

**Economic Sustainability**

From the concept map, we can see that economic sustainability in the GRI standards there are 13 standards, only 11 standards are disclosed and each Islamic bank is not complete in its disclosure.

**Table 1**  
**Economic Sustainability Disclosures**

No	Economic Standard	Sustainability Disclosure			
		BSI	Bank Muamalat	BRKS	BCAS
1	201-1 Direct economic value generated and distributed	Revealed	Revealed	Revealed	No
2	201-2 Financial implications and other risks and opportunities resulting from climate change	Preparing for the financial implications of climate change	No	No	Revealed
3	201-3 Defined benefit pension plan liabilities and other pension plans	Revealed	Revealed	No	No
4	201-4 Financial assistance received from the government	No	No	No	No
5	202-1 Ratio of entry-level employee wage standard by gender to regional minimum wage	No	UMP Standard	No	No
6	203-1 Infrastructure investment and service support	Non-standardised disclosures	Increase non-cash transactions	No	No
7	203-2 Significant indirect economic impact	No	No	Revealed	No
8	204-1 Proportion of spend on local suppliers	No	Procurement of goods & services increased	No	No
9	205-1 Operations assessed as having corruption-related risks	Prohibition of Risywah (bribery)	No	Revealed	Revealed
10	205-2 Communication and training on anti-corruption policies and procedures	There are anti-bribery guidelines	There is an antifraud work unit	Prevention, detection, investigation, reporting & sanctioning activities	Pakta integritas anti fraud
11	205-3 Proven incidents of corruption and actions taken	No	There are 8 cases & sanctioned and there is a WBS	No	Revealed

Source: ATLAS ti data processing results

**Table 2**  
**Environmental Sustainability Disclosures**

**b. Environmental Sustainability**

No	Environmental Standards	Pengungkapan Keberlanjutan				
		BSI	Bank Muamalat	BRKS	BCAS	
1	302-1 Energy consumption in organisations	Electricity & fuel consumption	No	No	No	No
2	302-3 Intensitas energi	No	Electricity & fuel consumption	No	No	No
3	302-4 Reduction of energy consumption	Does not explain energy reduction	No	No	No	No
4	303-1 Water intake by source	Revealed	Revealed	Revealed	Revealed	Revealed
5	303-2 Water sources that are significantly affected by water withdrawals	No	No	Revealed	Revealed	Revealed
6	303-3 Recycling and water reuse	There is an appeal for water saving	There is a promotion of "use water sparingly"	There is a Waste Water Management Installation (WWTP)	No	No
7	304-1 Operational sites owned, leased, managed, or adjacent to protected areas and areas of high biodiversity value outside protected areas	No	No	No	No	Planting 1000 mangrove trees in flood-prone areas
8	304-2 Significant impacts of activities, products and services on biodiversity	No	No	No	No	Planting 1000 mangrove trees in flood-prone areas
9	304-3 Protected or restored habitats sequestering trees in office areas & various locations in Indonesia	Planting carbon	No	No	No	No
10	305-1 GHG emissions (Scope 1) direct consumption reduce	Electricity & petrol consumption	Electricity & fuel consumption	No	No	Electricity & fuel consumption
11	305-2 Indirect GHG energy emissions (Scope 2) consumption & cold GHG emissions	Electricity & petrol consumption reduce	Electricity & fuel consumption reduce	No	No	Electricity & fuel consumption leakage
12	305-4 GHG emission intensity	No	Emissions from Electricity Fuel	No	No	No
13	305-5 GHG emission reduction environmentally	Using solar panels, refrigerant & cooling friendly	Using solar panels, friendly refrigerants	No	No	LED lights, R32 system that saves 50%
14	306-1 Water release based quality and purpose	No	No	Revealed	No	No
15	306-2 Waste by type and method	No	No	Revealed	Revealed	Revealed
16	306-3 Significant spill	No	No	Revealed	No	No
17	306-5 Water bodies affected releases and/or overflows	No	No	Revealed	No	No
18	307-1 Non-comp with environmental regulations	No	No complaint & non-sanctions received	No	No	No



Source: ATLAS ti data  
 processing results

**Table 3**  
**Social Sustainability**  
**Disclosure**

No	Social Standards	Sustainability Disclosure			
		BSI	Bank Muamalat	BRKS	BCAS
1	401-1 New employee hires and employee turnover	New employee hires and employee turnover	Recruitment of new employees	Recruitment of new employees	Employee turnover
2	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Revealed	Provide rewards, remuneration & other benefits	No	No
3	401-3 Maternity leave	No	Revealed	No	Revealed
4	402-1 Minimum notice period for operational changes	Retirement age, contract expiry, dismissal. Resignation in accordance with labour law	Remuneration	No	Revealed
5	403-1 Worker representation on formalised joint management-labour health and safety committees	Revealed	Revealed	Revealed	Revealed
6	403-2 Types of occupational accidents and rates of occupational accidents, occupational diseases, lost workdays, and absenteeism, as well as the number of work-related fatalities	Comfortable & healthy office, SOP maintenance of healthy working environment	No	No	No
7	403-3 Workers with a high risk of dangerous accidents or illnesses related to their work	Revealed	No	Revealed	No accident incidents occurred
8	403-4 Health and safety topics covered in formal agreements with trade unions	Revealed	No	Revealed	Revealed
9	404-1 Average training hours per year per employee	No	Revealed	No	No
10	404-2 Employee upskilling and transition assistance programmes	Revealed	Revealed	Revealed	Revealed
	regular performance and career development reviews	Revealed	Revealed	No	No
11	404-3 Percentage of employees receiving	Revealed	Revealed	Revealed	Revealed
12	405-1 Diversity of governance bodies and employees	Revealed	Revealed	Revealed	No
13	405-2 Ratio of basic salary and remuneration of women to men	UMR & according to	Remuneration above & male employees	Proportion of female	No Revealed



		BSI capabilities					
14	407-1 Operations and suppliers where the bargaining may be at risk	No	No	No	No right to freedom of association and	Revealed	collective
15	408-1 Operations and suppliers at	Revealed	Revealed	No	No significant risk of child labour incidents		
16	409-1 Operations and suppliers at significant risk of forced or compulsory labour incidents			Revealed	Revealed	No	No
17	410-1 Security Officers trained in human	No	Revealed	No	No rights policies or procedures		
18	413-1 Operations with local community engagement, impact assessments, and development programmes	Revealed	Revealed	Revealed	No		
19	413-2 Operations that actually and potentially have significant negative impacts on local communities	No	Revealed	Revealed	No		
20	416-1 Health and safety impact assessment of different categories of products and services		No	No	Revealed	No	
21	416-2 Incidents of non-compliance in relation to health and safety impacts of products and services	No	No	Revealed	No		
22	417-1 Requirements for labelling and	Revealed	Revealed	Revealed	Revealed	information on products and services	
23	417-2 Incidents of non-compliance related to labelling and product and service information		Financial services	Revealed	No	Revealed	
24	417-3 Non-compliance incidents related	Revealed	Revealed	Revealed	Product & service to marketing communications	information	
25	418-1 Well-founded complaints about evaluation & testing customer data	Revealed	Revealed	Revealed	Data centre capacity breaches of customer privacy and loss of		
26	419-1 Non-compliance with social and economic laws and regulations	No	Revealed	No	No		

Source: ATLAS ti data processing results

#### d. RAN for Greenhouse Gas Emission Reduction (RAN-GRK)

GRI Standards 305-1, 305-2, 305-4 and 305-5 relate to the reduction of GHG emissions. Standard 305-1 discloses direct GHG emissions (scope 1), while Bank Muamalat and BCAS disclose electricity and fuel use, BCAS discloses electricity and fuel use and refrigerant leakage, and BSI discloses electricity and fuel use that can reduce GHG emissions. Only Bank Muamalat explains fuel and electricity emissions according to Standard 305-4 GHG emission intensity. Standard 305-5 GHG emission reduction BSI explains the use of solar panels, LED lights, and environmentally friendly refrigerant, while Bank Muamalat explains the use of solar panels, LED lights, R32 refrigerant, and a cooling system that saves 50% of electricity.

#### e. National Action Plan on climate change adaptation (RAN-API) and Disaster management policy and strategy document (JAKSTRA PB)

BSI has conducted specific studies on operational preparation for the financial implications and opportunities of climate change through business impact analysis (BIA) and risk assessment (RA). In addition, BSI has conducted natural disaster simulation training as part of business continuity management (BCM) in each work unit. To respond to the impact of climate change, BCAS accelerated the distribution of financing to environmentally sound business sectors. BCAS continues to increase public understanding of climate risks that can affect financial performance, such as through training and socialisation on ESRA implementation and mapping of financing by THI category both within the BCAS organisation and to financing customers. We have not yet quantified the negative impact of climate risks, but we are starting to gradually identify the risks that have the most impact on business continuity. We are doing this by mapping our financing by environmental risk.

#### f. NAP Human rights (RAN-HAM)

NAP Human rights are linked to standards 401-1, 401-2, 401-3, 402-1, 403-1, 403-2, 403-3 and 403-4.

### **(1). Standard 401-1 New employee hires and employee turnover**

BSI states that the recruitment of new employees is based on position, origin, and gender, while employee turnover in 2023 was 3.77% by gender, age group, and region. BSI's employee training and development statistics also show that the number of trainees is based on position level and training duration.

Employee recruitment is carried out by Bank Muamalat in response to the growing conditions of the Islamic banking market and the challenges that arise in an increasingly competitive banking industry. In addition, this recruitment is also part of the bank's efforts to regenerate employees who have retired or resigned. Selection can be done in various ways, such as through internal and external references, placing advertisements on the company website, or openly. Bank Muamalat states that when they recruit new employees, they prioritise local labour. They also conduct recruitment based on age and gender, as well as outgoing and resigned employees.

BRKS continues to recruit professionals and fresh graduates. During the recruitment process, the bank strengthens Know Your Employee (KYE) checks to help find the right employees. To prevent discrimination based on background, ethnicity, religion or race, the bank runs a fair and transparent recruitment process. The bank maintains the principles of prudence, honesty, and avoidance of conflict of interest in recruiting employees.

BCAS explained that employee turnover in 2023 was 93 people, with 44 men and 49 women. 66% of the turnover will be contract employees and 32% will be permanent employees. The employee turnover rate in 2023 increased compared to the employee turnover rate in 2022 of 83 people. The employee turnover rate in 2022 was also stable, at 13.0%.

### **(2) 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees**

BSI explains that employees receive Basic Salary, Life Insurance/BPJS Kesehatan, Health Allowance, including birth allowance, Work Accident (JKK) and Disability Insurance - Included in BP Jamsostek facilities, Pension Insurance (JP) - Included in BP Jamsostek facilities, Share Ownership Opportunities, Hari Raya Allowance, and Leave Allowance. BSI provides both financial and non-financial rewards. The former are annual bonuses, medical facilities, leave, employee financing, and other facilities that are given based on the performance of the bank, work unit, and the performance of the entire staff.

For both contract and permanent employees, Bank Muamalat offers reward programmes, compensation schemes, and other benefits as variable pay.

### **(3) 401-3 Maternity leave**

Bank Muamalat: Bank Muamalat Indonesia's policy helps people maintain a balance between work and family life. The bank provides maternity leave in accordance with government regulations. The bank provides maternity leave to female employees for three months, which allows them to return to their previous jobs. The employee's leave has no impact on their position and compensation upon return to work. In 2023, there were 90 female employees who applied for maternity leave; 76 of them have returned to work.

BCAS provides annual leave entitlements to all employees. Female employees are entitled to three months of menstrual, maternity and paternity leave. In addition, male employees are entitled to three days' leave to accompany their partners in labour. These special leaves do not reduce annual leave.

### **(4) 402-1 Minimum notice period for operational changes**

BSI says that employee turnover can occur for various reasons, such as an employee's retirement age, contract expiry, dismissal, resignation, or health reasons. Based on Labour Law No. 13 and the applicable CLA, resignation from employment must be reported to the supervisor at least one month in advance.

Bank Muamalat ensures a fair and competitive compensation and welfare system for all employees, regardless of their status as permanent or contract workers. Employees' achievements, roles, responsibilities, competencies, length of service, and performance appraisals determine this compensation system. This system does not consider gender, ethnicity, race, religion, class, or other aspects that may cause discrimination. If a single salary system is applied, there is no difference in compensation between male and female employees in the same position with the same performance and competence. To remain competitive and comply with applicable regulations, banks review their compensation annually to adjust it to industry changes. Bank

Muamalat Indonesia's compensation structure always follows the Provincial Minimum Wage (UMP) regulations. Every employee working in the Bank will receive compensation that is higher or comparable to the UMP.

BCAS always ensures that our employees feel comfortable at work. We will notify all employees of changes in the bank's operations 5 to 30 days prior to the changes taking effect as stated in the CLA. We will disseminate this information through Decision Letters, Circulars, and memos, as well as through email blasts and internal portals.

**(5) 403-1 Worker representation in formal joint management-labour health and safety committees**

BSI also provides health insurance facilities to all employees and their families, including employees in the BPJS Health, and BPJS Employment programmes.

Bank muamalat improves the implementation and effectiveness of Occupational Safety and Health (K3) aspects by establishing the Occupational Safety and Health Supervisory Committee (P2K3). The Minister of Labour Regulation No.PER.04/MEN/1987 on the Occupational Safety and Health Advisory Committee and Procedures for Appointing Occupational Safety Experts is the legal basis for the establishment of P2K3.

BRKS implements occupational health and safety (OHS) programmes and services through the HC-Employee Relations & Health Safety Unit, in collaboration with other work units.

BCAS ensures that all permanent employees aged forty years and above have access to health facilities through insurance that covers outpatient care, inpatient care, maternity, eyeglasses, dental check-ups, and medical check-ups (MCU). BCAS also enrolls all our employees and at least three of their family members for BPJS Kesehatan. BCAS prioritises employee health and safety. To ensure that our employees are comfortable and productive in their workplace, we provide a safe and decent working environment.

**(6) 403-2 Types of occupational accidents and rates of occupational accidents, occupational diseases, lost workdays, and absenteeism, and number of work-related fatalities**

BSI explained that during 2023 no work accidents occurred

**(7) 403-4 Health and safety topics covered in formal agreements with trade unions not yet paraphrased**

BSI ensures the condition of all BSI offices is comfortable and healthy for employees and all visitors and ensures Standard Operating Procedures for the maintenance of a healthy work environment are owned by BSI offices which include, among others: Periodic fogging, Installing UV-C Air Filters, Ensuring Air Circulation is Functioning properly, including SAG and RAG. Implementing various health campaigns and regular Medical Check Ups for all BSI employees, focusing on: Lung and respiratory health, Preventing heart disease and hypertension, Dental health, Digestive problems, such as GERD, ulcer, gallstones and diarrhoea, Preventing diabetes complications, Healthy lifestyle, Eye health, Low back pain, Maintaining health in the month of Ramadan. BSI Ensure that all BSI office facilities meet OHS standards in accordance with Human Capital Operational Procedures, namely: Light Fire Extinguisher (APAR); Fire hydrant and fire pump; Smoke control system; Alarm system; Water sprinkle; evacuation route instructions; ERP (Emergency Response Plan) creation. Provision of SOP (Standard Operating Procedure) for emergency response, ensuring that the building protection system functions automatically and integrated during General Alarm / Fire Drill, ensuring that evacuation facilities are equipped with designation signs and meet building operational standards in the event of an earthquake, fire and BOM threat. BSI Conducts communication, safety program campaigns, and routine OHS socialisation for all BSI employees related to OHS procedures and evacuation procedures in case of emergencies, among others: Fire drills, Improving understanding of the use of APAR and APAB and first response in the event of a fire, Handling earthquakes, Handling terrorism threat conditions, Appointment of Floor Captain per floor, Establishment of ERT (Emergency Response Team), Making WhatsApp Group for communication facilities, Organising emergency response training, Organising training on the use of APAR, Conducting emergency simulations.

BRKS Bank implements occupational health and safety (OHS) programmes and services through the HC-Employee Relations & Health Safety Unit, in collaboration with other work units.

BCAS renovated the working environment at the head office with a more modern and youthful design feel, adjusting to the largest number of employee age groups who are millennials. By 2023, the renovated work area reached 1,630 m<sup>2</sup> out of a total of 3,960 m<sup>2</sup> or 41%. With the return of the post-pandemic working atmosphere, BCAS also improved sports facilities and reinvigorated employee sports and arts activities.

**g. National Strategy for the Prevention and Eradication of Corruption (STRANAS PPK)**

**The national strategy for the prevention and eradication of corruption is related to standards 205-1, 205-2 and 205-3.**

**(1). 205-1 Operations assessed as having corruption-related risks**

To encourage the achievement of the Company's performance as expected, BSI applies the Risywah (bribery) Prohibition policy to the Bank's ranks not to give/receive risywah to/from customers/ prospective customers, and partners.

BRKS always conducts fraud prevention and detection activities, conducts investigations, reporting and sanctioning procedures for fraudsters as well as monitoring, evaluation and follow-up activities on improvements that need to be made to prevent the recurrence of similar fraud events in the future, which are submitted in the Anti-Fraud Strategy Implementation Report to the regulator as well as to the Board of Directors and Board of Commissioners.

BCAS has implemented anti-corruption and anti-fraud practices in its business activities. This commitment is contained in Decree number 011/SK/DIR/2020 regarding Guidelines for the Implementation of the Anti-Fraud Strategy and the establishment of a work unit within the Internal Audit Work Unit (SKAI) which is responsible for the implementation of the anti-fraud strategy. In order to reduce the potential risk of corruption and fraud in the BCAS environment, we conduct prevention efforts through risk-based audits in all work units at the head office and at branch offices. The implementation of this audit is prioritised on functions that are considered to have a high risk of corruption and fraud such as cash and valuables storage, procurement, and other functions directly related to customer transactions. We also updated the policy on complaint handling through the issuance of Decree 019/SK/ DIR/2023 on the Implementation of Whistleblowing System.

**(2). 205-2 Communication and training on anti-corruption policies and procedures**

BSI has guidelines for implementing an effective and consistent anti-bribery management system to help the organisation identify, prevent and reduce the risk of bribery. This guide is a form of BSI's commitment to the implementation of the prohibition of rywah (bribery) which has been certified by the international standard ISO 37001:2016 for Ant-Bribery Management System (ABMS). This system can assist the Bank in improving prevention and control measures against bribery risks that may occur in the Company's operations, including the implementation of strict controls against the practice of rywah, ethical training, and continuous risk assessment. BSI also strengthened the implementation of ISO 37001 with ISO 37301 on anti-money laundering. This is a form of the Bank's compliance in meeting the standards set by applicable laws and regulations. Thus, it is expected to increase the Bank's trust and reputation in the eyes of customers and the public, as well as strengthen integrity and credibility in the eyes of stakeholders.

In general, the Muamalat Bank Anti-Fraud Implementation Procedure regulates, among others, the duties and responsibilities of the anti-fraud work unit, the authority of the anti-fraud work unit, prevention, detection, investigation, reporting, sanctions, monitoring, evaluation and follow-up. Regarding fraud, Bank Muamalat Indonesia refers to POJK No.39/POJK.03/2019 dated 19 December 2019 regarding the Implementation of Anti-Fraud Strategies for Commercial Banks and as a form of improvement of the Bank's Internal Control System Policy.

BRKS always conducts fraud prevention and detection activities, conducts investigations, reporting and sanctioning procedures for fraudsters as well as monitoring, evaluation and follow-up activities on improvements that need to be made to prevent the recurrence of similar fraud events in the future, which are submitted in the Anti-Fraud Strategy Implementation Report to the regulator as well as to the Board of Directors and Board of Commissioners.

BCAS strives for anti-corruption and anti-fraud awareness through internal socialisation and regular training. 100% of new employees, existing employees, and management have attended the mandatory Anti-Fraud Awareness e-learning. Internal socialisation is carried out through posters distributed throughout BCAS. In addition, all BCAS employees and management are required to sign an integrity pact related to anti-fraud every year. In addition, anti-fraud awareness and enforcement efforts are also carried out for every partner working with BCAS through the signing of a Cooperation Agreement (PKS) which contains anti-fraud commitments.

### **(3). 205-3 Proven incidents of corruption and actions taken**

Throughout 2023, Bank Muamalat has followed up on 8 incoming cases by investigating the reported fraud indications.

Regarding the occurrence of violations, the Bank ensures that it has imposed sanctions on the perpetrators and related parties of the violation case. For the perpetrator, the Bank applies strict sanctions by referring to the Ittifaq (Cooperation Agreement). Through WBS, the Bank continues to evaluate and mitigate in order to minimise the recurrence of such violations. The Bank identifies root causes and weaknesses in terms of people, internal processes, systems that are still open to violation and pose a risk, to then provide recommendations in the form of socialisation, improvement of procedures and infrastructure as a form of risk mitigation (prevention) against future fraud cases and part of continuous detection.

Throughout the reporting period, there were no cases of corruption or fraud that had a significant impact on BCAS.

### **h. NAP on food and nutrition (RAN-PG) NAP Food and nutrition is related to standards 201-1, 413-1 and 413-2 (1)**

#### **201-1 Direct economic value generated and distributed**

BSI was able to achieve solid and positive economic performance until the end of 2023. The bank managed to record a net profit of Rp5.70 trillion, up 33.88% compared to the previous year. While on sustainable financial performance, BSI has provided Rp57.7 trillion in financing to sustainable business activities.

The improvement in the economic performance of Bank Muamalat Indonesia which continues to grow has a positive impact reflected in the economic distribution given to stakeholders throughout 2023. Positive performance was successfully recorded due to various innovation programmes and initiatives undertaken that succeeded in creating optimal performance. In addition, Indonesia's economic conditions are getting better so that it also has an impact on the economic performance of Bank Muamalat Indonesia. The Bank has distributed operating income to owners of leased properties, vehicle leasing service providers, fees for IT systems used and various other operating costs, totalling Rp406.27 billion, up/down 42.38% from Rp448.65 billion in 2022. The Bank also distributed the cost of shirkah profit sharing funds to other stakeholders, namely funders, who placed funds in the form of deposits and other Islamic instruments amounting to Rp1.9 trillion, up 35.79% from Rp1.43 trillion in 2022. As for employees, the Bank distributed the value of economic gains to employees amounting to Rp640.92 billion, up 0.9% from Rp635.19 billion from the previous year. The Bank strives to continue to increase distributions to employees as a commitment to the welfare and appreciation of the hard work of employees.

BRKS in 2023 recorded a net profit of Rp283,775 million, in 2022 a net profit of Rp 350,899 million. While on sustainable financial performance, BRKS has provided financing of Rp20/178,370 million in sustainable business activities.

### **(2) 413-1 Operations with local community involvement, impact assessments, and development programs**

As part of BSI's commitment to support the achievement of the Sustainable Development Goals (SDGs), we implement a Social and Environmental Responsibility (CSR) program whose main objective is to benefit our operational environment, the communities we serve, and our stakeholders. As a sharia entity, the preparation and implementation of BSI's CSR program always upholds the principles of Maqashid Syariah. During 2023 BSI has implemented 13 programs to 1019 beneficiary institutions with 333 thousand beneficiaries with a total distribution of Rp255.10 billion. The distribution is in the form of zakat, infaq, social, UPZBSI and waqf in education, health, humanitarian, economic, da'wah advocacy and amil programs.

Bank Muamalat Indonesia has formulated a CSR Strategy based on the Bank's vision and mission, as well as values that are implemented through various programs that are run. In its implementation, the Bank cooperates with various parties to run CSR programs to suit the needs of the community and in line with the development agenda carried out by the government. CSR programs are designed by first establishing intensive communication with stakeholders. Through intensive communication, a deeper understanding of what is needed by the program recipients will be obtained, as well as being able to explore the potential that can be optimized so that it can provide maximum benefits in improving the quality of life of the community.

BRK Syariah is committed to corporate social responsibility. Based on six pillars of CSR guidelines, namely education, community empowerment, preservation of arts and culture, environmental diversity, healthy living and disaster relief. The implementation of CSR programs has stages ranging from planning, implementation, monitoring and evaluation carried out based on the principles of good governance and subject to applicable regulations, including codes of ethics and codes of conduct. BRK Syariah also carries out a careful screening and due diligence process in selecting the right partners. This is done to ensure that partners and parties involved in CSR programs have the integrity, commitment and capacity to achieve the goals of CSR

program sustainability and community welfare. The funds allocated for CSR programs vary depending on the type and scale of activities to be implemented.

**(3) 413-2 Operations that actually and potentially have a significant negative impact on local communities**

Bank Muamalat Indonesia regularly communicates to all stakeholders to discuss the social and economic aspects of the community so that the Bank's operational activities provide positive benefits to the community and produce multiplier effects. Especially socio-economic benefits such as job creation, infrastructure improvement, and quality of community services. Bank Muamalat Indonesia also continuously evaluates social development activities. It is intended that the CSR program that is carried out can be beneficial and contribute maximally to the community. Bank Muamalat Indonesia also continuously evaluates social community development activities. This aims to make the CSR program run can be beneficial and contribute maximally to the community.

BRK Syariah realizes the importance of CSR programs to support sustainable growth and positive performance and the key to the Bank's future success. Therefore, BRK Syariah provides a budget specifically allocated for CSR activities. The total funds that BRK Syariah has channeled through various CSR activities during 2023 amounted to Rp24,366,510,105,-.

**i. Indonesian Biodiversity Strategy and Action Plan (IBSAP)**

**The Indonesian Biodiversity Strategy and Action Plan (IBSAP) is related to standards 304-1, 304-2 and 304-3.**

**(1). 304-1 Operational sites owned, leased, managed or adjacent to protected areas and areas of high biodiversity value outside protected areas & 304-2 Significant impacts of activities, products and services on biodiversity**

Although BCAS's operations are not located in high biodiversity areas, by 2023 we have allocated our CSR funds to activities with high environmental impact, such as implementing a program to plant 1,000 mangrove seedlings in flood-prone areas as part of our efforts to help mitigate flooding in these areas.

**(2). 304-3 Habitats protected or restored**

BSI is committed to supporting the Government of Indonesia's efforts to achieve its Enhanced National Determined Contribution (ENDC) targets in line with the Paris Agreement. One of our efforts is to implement nature-based solutions. Nature-based solutions are actions to protect, sustainably manage, or restore natural ecosystems, in order to contribute to climate change prevention, human health, food and water security, and disaster risk reduction in an effective and adaptive manner, while providing benefits for community welfare and biodiversity conservation. Although BSI does not have operational offices adjacent to or within conservation areas, we continue to carry out natural habitat and biodiversity conservation programs through tree planting activities in the Bank's operational areas, especially planting tree species with large carbon sequestration potential. By 2023, BSI will be planting trees in various locations in Indonesia.

**2. Discussion a. RAN reduction of Greenhouse Gas Emissions (RAN-GRK)**

Disclosure of GHG emissions (scope 1) directly, Bank Muamalat and BRKS explain the amount of electricity and fuel usage, BCAS does not disclose and BSI explains the use of electricity and fuel to reduce GHG. Indirect GHG emission disclosure (scope 2), BRKS does not disclose, Bank Muamalat explains the use of electricity and fuel, BSI BSI explains the use of electricity and fuel reduces GHG and BCAS explains the use of electricity and fuel & leakage of cold substances. Disclosure of GHG emission intensity only Bank Muamalat explains emissions from fuel and electricity. Disclosure of GHG emission reduction BSI uses solar panels, LED lights & environmentally friendly refrigerant while Bank Muamalat besides explaining using solar panels, LED lights & R32 refrigerant & cooling system that saves 50% electricity. The disclosure of direct (scope 1) and indirect (scope 2) GHG emissions by Bank Muamalat and BCAS is not transparent. BSI provides a thorough report on energy use and efforts to reduce emissions. They explain specifically how their electricity and fuel usage reduces carbon dioxide fuel emissions. By following international standards and publicly reporting the results, BSI demonstrates their commitment to emissions reduction and environmental sustainability. BSI and Bank Muamalat have embraced renewable technologies, such as the use of solar panels to reduce dependence on environmentally unfriendly energy sources, the use of LED lights that are more efficient than conventional lights, and the use of chillers that have a lower environmental impact than conventional chillers.

Reducing refrigerant leakage is one of the ways BCAS reduces GHG emissions. By following international standards and publicly reporting the results, BSI demonstrates their commitment to emissions reduction and environmental sustainability.

BSI and Muamalat Bank have embraced renewable technologies, such as the use of solar panels to reduce dependence on environmentally unfriendly energy sources, the use of LED lights that are more efficient than conventional lights, and the use of chillers that have a lower environmental impact than conventional chillers. Reduction of refrigerant leakage is one of the ways BCAS reduces GHG emissions.

#### **b. NAP on climate change adaptation (RAN-API)**

A special study conducted by BSI on operational preparation for the financial implications and opportunities of climate change was shared with stakeholders to help them understand the risks and opportunities facing BSI related to climate change. Business Continuity Management (BCM): As part of business continuity management, BSI conducts natural disaster simulation training in each work unit. This step shows transparency in BSI's efforts to prepare the entire organization for climate disasters. BSI continues to talk about climate hazards that can affect financial performance through various trainings and socializations. This is evidence of BSI's commitment to remain transparent in conveying information related to climate risks to all stakeholders.

Within and outside the BCAS organization, BCAS provides training and socialization on the implementation of Environmental and Social Risk Assessment (ESRA), as well as financing mapping based on Tropical Hazard Index (THI) categories. In this step, BCAS demonstrates its commitment to be transparent in communicating climate risks that may affect its financial performance. Gradually, BCAS began to identify the risks that have the most impact on business continuity through the mapping of financing based on environmental risks. BCAS is responding to the impacts of climate change by accelerating the disbursement of financing to environmentally sound businesses. Information on the disbursement of this financing is clearly and openly disclosed, demonstrating BCAS' commitment to supporting environmentally friendly businesses. BCAS is responding to the impacts of climate change by accelerating the disbursement of financing to environmentally sound businesses. Information on the disbursement of this financing is clearly and publicly disclosed, demonstrating BCAS' commitment to supporting environmentally friendly businesses.

BSI identifies the financial impacts and opportunities of climate change through BIA and RA research. This method is an innovation in risk management that enables BSI to be better prepared for the impacts of climate change. It is an innovation in business continuity management to implement natural disaster simulation training in every work unit. This training helps BSI prepare employees and business operations to deal with natural disasters more effectively. The integrated method in climate risk management, which includes BIA studies, RA, and BCM training, demonstrates BSI's progress in overall climate risk management. This transparent and innovative approach increases operational resilience and strengthens BSI's climate change adaptation strategy. It demonstrates BSI's strong commitment to climate change adaptation, environmental sustainability and improved business resilience. Natural disaster simulation training implemented in every work unit is an innovation in business continuity management. This training helps BSI prepare employees and business operations to handle hazards that may occur. The integrated approach to climate risk management, which includes BIA, RA and BCM training, demonstrates BSI's progress in overall climate risk management. This transparent and innovative approach demonstrates BSI's strong commitment to climate change adaptation efforts, supporting environmental sustainability and improving operational resilience.

The implementation of Environmental and Social Risk Assessment (ESRA) is an innovation in identifying and managing environmental and social risks. ESRA assists BCAS in integrating environmental and social considerations into the financing process, ultimately improving business resilience and sustainability. Mapping financing by Tropical Hazard Index (THI) category is an innovation in climate risk management. This approach allows BCAS to better identify and manage climate risks, and ensure that financing supports climate change adaptation efforts. Accelerating the disbursement of financing to environmentally sound businesses demonstrates innovation in financing strategy. This not only supports environmental sustainability but also creates new business opportunities that contribute to climate change mitigation.

#### **c. Disaster management policy and strategy document (JAKSTRA PB)**

BSI conducted a special study on operational preparation for the financial implications and opportunities of climate change. This included a Business Impact Analysis (BIA) and Risk Assessment (RA) study. This information was made publicly available to help stakeholders understand the risks and opportunities facing BSI related to climate change. Business Continuity Management (BCM)\*\*: BSI conducts natural disaster simulation training as part of business continuity management in each



work unit. This demonstrates BSI's commitment to be transparent in preparing the entire organization for potential disasters caused by climate change. BSI continuously communicates climate risks that can affect financial performance through various socialization and training. This shows BSI's commitment to maintain transparency in conveying information related to climate risks to all stakeholders.

BCAS conducts socialization and training on the implementation of Environmental and Social Risk Assessment (ESRA) and financing mapping based on Tropical Hazard Index (THI) category. This step demonstrates BCAS' commitment to transparency in conveying climate risks that can affect financial performance to all stakeholders, including financing customers. BCAS has begun to gradually identify the risks that most impact business continuity by mapping its financing by environmental risk. This information is presented transparently to help stakeholders understand how BCAS manages climate risk in its operations. BCAS is responding to the impacts of climate change by accelerating the disbursement of financing to environmentally sound businesses. Information on the disbursement of this financing is presented in a clear and open manner, demonstrating BCAS' commitment to supporting businesses that contribute positively to the environment.

BSI conducted an in-depth study using BIA and RA to identify the financial implications and opportunities of climate change. This is an innovation in risk management that enables BSI to be better prepared for the impacts of climate change. Natural disaster simulation training conducted in each work unit is an innovation in business continuity management. It helps BSI prepare employees and business operations to deal with potential disasters more effectively. The integrated approach to climate risk management, which includes BIA assessment, RA, and BCM training, demonstrates BSI's innovation in managing climate risk holistically. This not only improves operational resilience but also strengthens BSI's climate change adaptation strategy. The implementation of ESRA is an innovation in identifying and managing environmental and social risks. ESRA assists BCAS in integrating environmental and social considerations into the financing process, ultimately improving business resilience and sustainability. Mapping financing by THI category is an innovation in climate risk management. This approach enables BCAS to better identify and manage climate risks, and ensure that financing supports climate change adaptation efforts. The accelerated disbursement of financing to environmentally sound businesses demonstrates innovation in financing strategy. This not only supports environmental sustainability but also creates new business opportunities that contribute to climate change mitigation.

#### **d. NAP on human rights (RAN-HAM)**

BSI describes the hiring of new employees by position, origin and gender. This data provides a clear picture of the demographics of the workforce recruited by BSI. BSI reported an employee turnover in 2023 of 3.77%, by gender, age group, and employee region. This information helps stakeholders understand the workforce dynamics at BSI. BSI describes the number of trainees by job level, training statistics and employee development. This information provides an overview of BSI's commitment to employee competency development. BSI provides detailed information on the various benefits provided to employees, including basic salary, life insurance/BPJS Kesehatan, health benefits, work accident (JKK) and disability insurance, pension insurance (JP), share ownership opportunities, holiday allowances, and leave allowances. This information shows BSI's transparency in providing employee welfare. BSI describes various efforts to ensure comfortable and healthy working conditions, including periodic fogging, installation of UV-C air filters, air circulation, and health campaigns and routine medical check-ups for all employees. This step shows BSI's transparency in maintaining occupational health and safety.

Bank Muamalat explains the process of recruiting new employees, which is carried out to anticipate the growing conditions of the Islamic banking market and the challenges of banking industry competition. The bank also explains the preference to prioritize local labor in recruitment. Bank Muamalat provides information on recruitment by age and gender, as well as employees who leave or resign. This demonstrates transparency in the bank's workforce dynamics. Bank Muamalat explains its maternity leave policy in accordance with government regulations, entitles female employees to 3 months of maternity leave and ensures they can return to work in the same position without affecting their position and remuneration. Bank Muamalat explains that the remuneration system is determined based on achievement, roles and responsibilities, competence, length of service, and the results of individual performance assessments, without distinguishing gender, ethnicity, race, religion, or other aspects of discrimination. The remuneration structure is reviewed annually to ensure compliance with industry conditions and applicable regulations. Bank Muamalat established the Occupational Safety and Health Committee (P2K3) as a forum for cooperation between management and employees, with the legal basis of the Minister of Labor Regulation. This shows transparency in efforts to improve the implementation and effectiveness of OHS aspects..

BRKS actively recruits human resources from fresh graduates and professionals. This information demonstrates BRKS' commitment to providing broad and diverse employment opportunities. In the recruitment process, BRKS strengthens KYE checks to find individuals who match the needs. This demonstrates transparency in the selection process and ensures that recruitment is conducted objectively and fairly. BRKS upholds non-discrimination practices, ensuring there are no differences based on background, ethnicity, religion, or race in the recruitment process. This demonstrates BRKS' commitment to transparency and equality in recruitment. BRKS implements occupational health and safety (K3) programs and services through the HC-Employee Relations & Health Safety Unit, in collaboration with other work units. This demonstrates BRKS' transparency in maintaining employee health and safety.

BCAS explains that the number of employees leaving in 2023 is 93, with 44 men and 49 women. This information includes a breakdown by gender and employee status (contract or permanent). This data helps stakeholders understand the workforce dynamics at BCAS. BCAS reports that the employee turnover rate in 2022 and 2023 is 13%, demonstrating stability in employee management. BCAS provides annual leave entitlements to all employees, as well as special leave entitlements for female employees in the form of menstrual leave, 3 months of maternity leave, and maternity leave. Male employees are also granted 3 days leave to accompany their wives in labor. This information demonstrates transparency in leave policies that support work-life balance. BCAS disseminates information related to changes in operational activities to all employees 5 to 30 days before the changes become effective. Socialization is done through Decree Letters, Circular Letters, memos, email blasts, and internal portals. This demonstrates transparency in internal communication regarding operational changes. BCAS guarantees employees' rights to access health care facilities through insurance that covers hospitalization, outpatient care, childbirth, eyeglasses, dental check-ups, and medical check-ups for all permanent employees aged 40 years and above. All employees and their family members (maximum 3 people) are registered with BPJS Kesehatan. This demonstrates transparency in providing comprehensive health facilities.

BSI provides various forms of rewards based on the performance of the bank, work units, and individual employees. Examples of financial rewards include annual bonuses, health facilities, leave days, and employee financing. This is an innovation in the reward system to improve employee motivation and performance. BSI provides health insurance facilities, BPJS Health, and BPJS Employment programs for all employees and their families. This includes various health campaigns focusing on lung health, prevention of heart disease and hypertension, dental health, digestive problems, preventing diabetes complications, healthy lifestyle, eye health, and low back pain. BSI ensures that all offices meet OHS standards, including light fire extinguishers (APAR), fire hydrants and fire pumps, smoke control systems, alarm systems, water sprinkles, evacuation route instructions, and the creation of an Emergency Response Plan (ERP). This is an innovation in ensuring safety and emergency preparedness. BSI conducts various emergency trainings and simulations, such as fire drills, APAR usage, earthquake handling, terrorism threat conditions handling, Captain Floor appointment, Emergency Response Team (ERT) formation, and WhatsApp Group creation for communication facilities. This step is an innovation in improving preparedness and response to emergency conditions.

Bank Muamalat uses various methods in the selection process, such as internal and external references, advertisements through the company website, and open advertisements. This is an innovation in expanding the scope and effectiveness of the recruitment process. Bank Muamalat provides reward programs and variable remuneration schemes (variable pay) to support business achievements for permanent and contract employees. This is an innovation in the remuneration system that provides incentives based on performance. Providing maternity leave rights for 3 months with the certainty of returning to work in the same position is an innovation in supporting the balance between work and family life. The establishment of P2K3 to improve the implementation and effectiveness of OHS aspects is an innovation in creating a safe and healthy working environment. This includes cooperation between management and employees in the effective implementation of OHS.

The use of KYE checks in the recruitment process is an innovation in ensuring that recruited employees have integrity and match the needs of the organization. This helps avoid risks and ensure the quality of the workforce. BRKS applies the principle of recruit right, the principle of prudence, honesty, and avoiding conflict of interest in the recruitment process. This is an innovation in creating a more efficient and fair recruitment process. The implementation of occupational health and safety (OHS) programs and services through cooperation between work units shows innovation in a holistic approach to OHS. This ensures that all aspects of employee health and safety are thoroughly addressed. The establishment of the HC-Employee Relations & Health Safety Unit is an innovation in OHS management. This unit focuses on employee relations and occupational safety, ensuring that OHS standards are well implemented throughout the organization..

BCAS renovated the working environment at the head office with a more modern and youthful design feel, in line with the largest age group of employees who are millennials. The renovation covered 1,630 m<sup>2</sup> out of a total of 3,960 m<sup>2</sup>. This innovation creates a more attractive work environment that suits the needs of the millennial generation. BCAS improved sports facilities and reinvigorated employee sports and arts activities post-pandemic. This is an innovation in improving employee well-being and fitness, which in turn increases productivity and job satisfaction. Providing menstrual leave, 3 months of maternity leave, and pregnancy loss leave for female employees, as well as leave to accompany their wives in childbirth for male employees, demonstrates innovation in supporting work-life balance. This policy helps create a more inclusive work environment and supports employee well-being.

#### **e. National Strategy for Corruption Prevention and Eradication (STRANAS PPK)**

BSI implements a policy that prohibits the giving or receiving of bribes to/from customers, prospective customers, and partners. This policy is part of the transparency effort to reduce corruption risk and ensure the integrity of the bank's operations. BSI has guidelines in implementing an effective and consistent anti-bribery management system, certified to the international standard ISO 37001:2016. These guidelines cover the identification, prevention and reduction of bribery risks. This information is shared publicly to demonstrate BSI's commitment to corruption prevention. In addition to ISO 37001, BSI also strengthens its implementation with ISO 37301 on anti-money laundering. This demonstrates transparency in an effort to meet applicable legal and regulatory standards. BSI conducts periodic ethics training to improve employees' understanding of the importance of corruption prevention. This is part of the transparency effort in equipping employees with the necessary knowledge and skills to avoid bribery practices. BSI conducts ongoing risk assessments to identify and manage potential bribery risks. This step demonstrates BSI's commitment to transparency in managing corruption risks. BRKS conducts fraud prevention and detection activities, conducts investigations, reporting, and sanctioning procedures for fraudsters. This information is submitted publicly in the Anti-Fraud Strategy Implementation Report to the regulator as well as to the Board of Directors and Board of Commissioners. This demonstrates transparency in handling and reporting fraud incidents. BRKS conducts monitoring, evaluation, and follow-up activities on improvements that need to be made to prevent the recurrence of similar fraud incidents in the future. Information regarding these steps is publicly disclosed to demonstrate BRKS' commitment to transparency in managing corruption risks.

BCAS's commitment to anti-corruption and anti-fraud practices is contained in Decision Letter number 011/SK/DIR/2020. This demonstrates transparency in policies governing anti-fraud strategies. BCAS updated its grievance handling policy through the issuance of Decision Letter 019/SK/DIR/2023. This ensures that there is a clear and transparent reporting mechanism for employees and related parties to report suspected fraud. BCAS conducts risk-based audits on all work units at the head office as well as at branch offices. These audits focus on functions that have a high risk of corruption and fraud, such as cash storage, valuables, and procurement. This information demonstrates transparency in monitoring and evaluating risk. BCAS conducts mandatory Anti-Fraud Awareness e-learning for all new employees, existing employees, and management. Socialization is also carried out through posters spread throughout the BCAS environment. This step demonstrates transparency in efforts to equip employees with knowledge about the importance of corruption prevention. All BCAS employees and management are required to sign an integrity pact related to anti-fraud every year. This demonstrates BCAS' commitment to transparency and integrity in its operations.

The implementation of international standards ISO 37001:2016 and ISO 37301 is an innovation in corruption risk management. These systems assist BSI in improving prevention and control measures against the risk of bribery and money laundering that can occur in the company's operations. BSI implements strict controls against the practice of bribery, including thorough checks and continuous monitoring to ensure compliance with the anti-bribery policy. This step is an innovation in creating a work environment that is free from corruption. By implementing a certified anti-bribery management system and complying with legal standards, BSI seeks to enhance trust and reputation in the eyes of customers and the public. This is an innovation in building a positive image and strengthening integrity in the eyes of stakeholders.

BRKS implements an anti-fraud strategy that includes prevention, detection, investigation, reporting and sanctioning. This strategy is supported by strict and systematic procedures to ensure that every fraud case can be identified and handled quickly and effectively. This is an innovation in creating a stronger risk management system. BRKS submits a detailed anti-fraud strategy implementation report to the regulator as well as to the Board of Directors and Board of Commissioners. This report includes the results of monitoring, evaluation, and follow-up actions taken. This is an innovation in ensuring that information

regarding corruption prevention efforts is available to all interested parties, enhancing accountability and transparency. BRKS conducts ongoing monitoring and evaluation of fraud prevention and detection activities. This includes follow-up on improvements that need to be made to prevent the recurrence of similar fraud events in the future. This continuous approach is an innovation in creating an anti-fraud system that is adaptive and responsive to change. The establishment of a working unit within the Internal Audit Unit (SKAI) responsible for the implementation of the anti-fraud strategy is an innovation in corruption risk management. This unit ensures that the anti-fraud strategy is implemented effectively and thoroughly throughout the organization.

Conducting risk-based audits is an innovation in prioritizing functions that have a high risk of corruption and fraud. This approach enables BCAS to more effectively identify and manage risks.

By updating the policy on grievance handling through the issuance of Decision Letter 019/SK/DIR/2023, BCAS created a more transparent and accountable reporting system. This is an innovation in providing a safe and effective channel for employees to report suspected fraud. The implementation of mandatory Anti-Fraud Awareness e-learning and socialization through poster media are innovations in ongoing anti-fraud awareness efforts. This approach ensures that all employees understand the importance of corruption prevention.

#### **f. RAN Food and nutrition (RAN-PG)**

BSI reported achieving solid economic performance until the end of 2023, with a net profit of Rp5.70 trillion, up 33.88% compared to the previous year. This information is presented publicly to demonstrate transparency in financial performance. BSI explained the implementation of 13 CSR programs in 2023 covering education, health, humanitarian, economic, dakwah advocacy, and amil. These programs reached 1019 beneficiary institutions with a total of 333 thousand beneficiaries. Transparency in this reporting shows BSI's commitment to social and environmental responsibility. BSI reported the distribution of funds amounting to Rp255.10 billion in the form of zakat, infaq, social, UPZBSI, and waqf. This information shows transparency in the use of social funds for the benefit of society. Bank Muamalat reported the distribution of operating income to stakeholders throughout 2023, including owners of leased properties, vehicle leasing service providers, and other operating expenses. The bank also reports the distribution of shirkah profit sharing fund fees to funders. This information demonstrates transparency in economic distribution. Bank Muamalat reported the value of economic gains distributed to employees at Rp640.92 billion, up 0.9% from the previous year. This transparency shows the bank's commitment to employee welfare. Bank Muamalat formulates CSR strategies based on the bank's vision and mission and values that are implemented through various programs. Information regarding the formulation and implementation is transparently conveyed to demonstrate the bank's commitment to social responsibility. Bank Muamalat regularly communicates with stakeholders to discuss the social and economic aspects of the community. This helps in understanding the needs of the program recipients and explore the potential that can be optimized. This transparency in communication demonstrates the bank's commitment to stakeholder engagement. Bank Muamalat continuously evaluates its social development activities to ensure that the CSR program provides maximum benefits to the community. This transparency in evaluation demonstrates the bank's commitment to program quality improvement.

BRK Syariah reported a net profit of Rp283,775 million in 2023, compared to Rp350,899 million in 2022. This information is publicly disclosed to demonstrate transparency in financial performance. BRK Syariah reported financing of IDR20,178,370 million in sustainable business activities. This reflects BRK Syariah's commitment to supporting economic and environmental sustainability. BRK Syariah explained that the implementation of the CSR program has stages starting from planning, implementation, monitoring, and evaluation which are carried out based on the principles of good governance and are subject to applicable regulations, including codes of ethics and codes of conduct. This transparency in reporting demonstrates BRK Syariah's commitment to social responsibility. BRK Syariah carries out a careful screening and due diligence process in selecting partners to ensure that they have the integrity, commitment, and capacity to achieve the goals of CSR program sustainability and community welfare. This information demonstrates transparency in the selection of partners involved in CSR programs. BRK Syariah reported the total funds that have been channeled through various CSR activities during 2023 amounted to Rp24,366,510,105. This transparency in reporting demonstrates BRK Syariah's commitment to ensuring that CSR funds are used optimally to support various social and environmental programs.

BSI upholds Maqashid Syariah principles in the preparation and implementation of CSR programs. This innovation ensures that the programs run not only meet material needs but are also in line with sharia values and objectives, creating holistic welfare

for the community. BSI implements TJSL programs that cover various aspects of life such as education, health, humanity, economy, da'wah advocacy, and *amil*. This approach is an innovation in creating a broader and more sustainable impact on the beneficiary community. By channeling social funds in the form of *zakat*, *infaq*, social, UPZBSI, and *waqf*, BSI ensures that available funds are used optimally to support various community needs. This innovation increases the efficiency and effectiveness of the CSR program. BSI demonstrates a strong commitment in supporting the achievement of Sustainable Development Goals (SDGs) through the implementation of CSR programs that focus on the operational environment, community, and stakeholders. This is an innovation in supporting global sustainable development goals.

Bank Muamalat seeks to increase economic distribution to employees and other stakeholders as part of its commitment to employee welfare and reward their hard work. This innovation ensures that the bank's economic benefits are distributed fairly. In implementing CSR programs, Bank Muamalat collaborates with various parties to ensure that the programs are in line with the needs of the community and the government's development agenda. This innovation creates greater synergy and wider impact from the CSR program. Bank Muamalat's CSR programs are designed through intensive communication with stakeholders to gain an in-depth understanding of the needs of program recipients and the potential that can be optimized. This approach ensures that CSR programs provide maximum benefits in improving the quality of life of the community. Bank Muamalat focuses on the socio-economic benefits of bank operations, such as job creation, infrastructure improvement, and quality of community services. This innovation ensures that the bank's operations are not only economically beneficial but also make a positive contribution to society.

BRK Syariah has six guiding pillars of CSR that include education, community empowerment, preservation of arts and culture, environmental diversity, healthy living, and disaster relief. This approach is an innovation in creating a holistic and diverse CSR program, covering various important aspects of community welfare. Through a careful screening and due diligence process, BRK Syariah ensures that partners involved in CSR programs have high integrity and commitment. This innovation improves the quality and effectiveness of CSR programs by ensuring that the selected partners are capable of achieving the program's objectives on a sustainable basis. BRK Syariah provides a dedicated budget allocated for CSR activities, demonstrating a strong commitment to corporate social responsibility. This innovation ensures that CSR programs have adequate financial support to achieve social and environmental goals. Rigorous monitoring and evaluation ensures that CSR programs are implemented according to plan and provide maximum benefits to the community. It creates an adaptive and responsive mechanism to manage and measure the impact of CSR programs.

#### **g. Indonesian Biodiversity Strategy and Action Plan (IBSAP)**

BSI supports the Government of Indonesia's efforts to achieve the Enhanced National Determined Contribution (ENDC) targets aligned with the Paris Agreement. This information is submitted publicly to demonstrate BSI's commitment to global efforts to prevent climate change. BSI transparently reports on efforts to conserve natural habitats and biodiversity in accordance with standard 304-3. This includes actions to protect, sustainably manage or restore natural ecosystems. BSI explains that although it does not have operational offices in conservation areas, it still implements natural habitat and biodiversity conservation programs through tree planting activities at various bank operational locations. This information demonstrates transparency in the implementation of conservation programs. In 2023, BSI reported tree planting activities in various locations in Indonesia, especially tree species with large carbon sequestration potential. This reporting demonstrates transparency in climate change mitigation efforts through tree planting. BCAS reports that their operations are not located in high biodiversity areas. However, they still allocate Social and Environmental Responsibility (CSR) funds to activities with high environmental impact. This information demonstrates transparency in the location of their operations and the environmental impact of their activities. In 2023, BCAS implemented a program to plant 1,000 mangrove seedlings in flood-prone areas in an effort to mitigate flooding in the area. This transparency in reporting demonstrates BCAS' commitment to environmental conservation and disaster risk mitigation.

BSI applies nature-based solutions as actions to protect, sustainably manage or restore natural ecosystems. This approach is innovative in contributing to climate change prevention, human health, food and water security, and disaster risk reduction in an effective and adaptive manner. BSI focuses on planting tree species with high carbon sequestration potential. This innovation helps mitigate climate change by increasing carbon sequestration from the atmosphere. Despite not having operational offices

in conservation areas, BSI continues to implement natural habitat conservation programs. This approach is an innovation in ensuring that conservation activities continue despite being limited by the physical location of the bank's operations. By implementing nature-based solutions, BSI not only contributes to biodiversity conservation but also benefits the welfare of the community. This innovation creates a holistic approach that combines environmental sustainability and social benefits.

Although BCAS's operations are not located in areas of high biodiversity, they still allocate CSR funds to activities with significant environmental impacts. This is an innovation in the management of CSR funds that ensures that environmental conservation efforts continue even when limited by the location of operations. Implementing a program to plant 1,000 mangrove seedlings in flood-prone areas is an innovation in disaster risk mitigation. This program not only helps mitigate flooding but also contributes to the preservation of coastal ecosystems rich in biodiversity.

By focusing on mangrove planting, BCAS takes a proactive approach to coastal ecosystem preservation. This approach is an innovation in ensuring that environmental conservation is sustainable and provides long-term benefits. The mangrove planting program not only provides environmental benefits by increasing biodiversity and flood mitigation, but also provides social benefits for local communities. This innovation creates a holistic approach that combines environmental sustainability and community welfare.

## V. Conclusion

This research illustrates how Islamic banks in Indonesia implement various initiatives and policies to support environmental sustainability, economic sustainability, as well as social welfare, through transparency and innovation approaches. Bank Muamalat, BRKS, BSI, and BCAS disclose the use of electricity and fuel in an effort to reduce GHG emissions. BSI and Bank Muamalat use renewable technologies such as solar panels, LED lights, and environmentally friendly refrigerants. BSI comprehensively reports energy usage and emission reduction efforts, demonstrating a commitment to environmental sustainability. BSI conducts natural disaster simulation training as part of business continuity management, demonstrating a commitment to transparency in preparing the organization for climate disasters. BCAS provided training and socialization on the implementation of Environmental and Social Risk Assessment (ESRA), as well as financing mapping based on Tropical Hazard Index (THI) categories. BSI conducts specialized studies on operational preparation for the financial implications and opportunities of climate change, including Business Impact Analysis (BIA) and Risk Assessment (RA) studies. BCAS integrates environmental and social considerations in the financing process through ESRA, enhancing business resilience and sustainability. BSI and Bank Muamalat describe a transparent and non-discriminatory recruitment process, providing various benefits and health facilities for employees. BSI provides various training and development programs to improve employee competencies. BSI, BRKS and BCAS implement strict anti-corruption policies, including ethics training, risk assessment and certified anti-bribery management systems. BCAS conducts risk-based audits and updates its complaint handling policy, ensuring transparency and accountability in corruption prevention. BSI implements a Social and Environmental Responsibility (CSR) program covering various aspects of life such as education, health, humanity, and economy, demonstrating commitment to social and environmental responsibility. Bank Muamalat and BRK Syariah report the distribution of operating income to stakeholders, demonstrating transparency in financial performance and economic sustainability. BSI and BCAS implement natural habitat and biodiversity conservation programs through tree planting and mangrove planting in flood-prone areas. BSI and BCAS implement nature-based solutions to protect, manage or restore natural ecosystems, demonstrating innovation in climate change prevention and environmental sustainability.

## Implications

Implementation of technologies such as solar panels, LED lights, and eco-friendly refrigerants demonstrate concrete efforts in reducing GHG emissions. This can reduce dependence on fossil energy, save energy costs, and reduce negative impacts on the environment. Banks that report their GHG emissions transparently can increase stakeholder confidence and demonstrate commitment to sustainability. Natural disaster simulation training and Business Impact Analysis (BIA) and Risk Assessment (RA) studies demonstrate the bank's preparedness for climate change risks. This can improve operational resilience and reduce

potential financial losses due to disasters. Distributing financing to environmentally friendly business sectors not only supports sustainability but also creates new business opportunities that can contribute to climate change mitigation. Disclosure of information on recruitment, training and employee benefits demonstrates the bank's commitment to employee welfare and can increase employee motivation and loyalty. Upholding non-discrimination practices in recruitment and employment policies can create a more inclusive and fair work environment, which in turn can improve productivity and corporate reputation. The implementation of an international standard anti-bribery management system (ISO 37001:2016) and anti-money laundering system (ISO 37301) demonstrates the bank's commitment to integrity and transparency. This can enhance public and stakeholder trust. Ongoing ethics training and risk assessment can help employees understand the importance of corruption prevention, reduce the risk of bribery, and ensure regulatory compliance. The implementation of CSR programs that cover various aspects such as education, health, and economy can provide direct benefits to the community and the environment. This demonstrates the bank's social responsibility and can improve the company's image and reputation. With strict monitoring and evaluation, banks can ensure that their CSR programs provide maximum benefits to the community and the environment. Conservation activities such as tree planting and coastal ecosystem preservation can help mitigate climate change and support biodiversity. This demonstrates environmental responsibility and can provide long-term benefits for ecosystem sustainability. The implication of this article is that sustainability efforts made by banks should not only focus on environmental aspects, but also include social and economic aspects. With a holistic and transparent approach, banks can improve operational resilience, create new business opportunities, and support sustainable development that benefits the wider community.

### **Suggestion**

For Islamic banks to engage stakeholders who are new to reporting on energy use, immediately innovate to report on sustainability by reducing energy and greenhouse gases, using renewable energy that is environmentally friendly so as to reduce emissions. Islamic banks should ensure gender balance and inclusion in recruitment and employment policies and report data on the real benefits felt by employees related to employee welfare programs. It is necessary to report on the strengthening of the Anti-Corruption Policy and ethics and anti-fraud training to have an impact on employees' understanding and actions. more on innovations made by banks in biodiversity conservation efforts. Conduct an evaluation of the CSR program and for future program improvements.

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