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Relationship between Corporate Social Responsibility and Financial Performance in Islamic Banking

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Abstract

The aim of this study is to evaluate the level of Corporate Social Responsibility Disclosure in Islamic banks and to analyze the relationship between performance indices Return On Average Assets (ROA) and Return On Equity (ROE) with the corporate social responsibility disclosure. An empirical analysis is conducted, based on the annual reports of 8 Islamic banks for years 2009 and 2010. A Corporate Social Responsibility Disclosure Index (CRSDI) is constructed. To verify the link between ROA, ROE and CSRDI, regression models are run. The results indicate a lack in disclosing Corporate Social Responsibility, and the regression models show that there is no relation statistically significant between performance indices (ROA, ROE) and CSRD index.

Keywords: Islamic bank, ROA, ROE, Corporate Social Responsibility Disclosure, Regression, Content Analysis

1. Introduction

Corporate Social Responsibility (CSR) is a concept that has engendered considerable interest in the world in recent years. Various CSR definitions have been developed in the literature. The European Commission has defined CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on voluntary basis" (European Commission, 2002). The ISO Strategic Advisory Group considers that CSR "is taken to mean a balanced approach for organization to address economic, social and environmental issues in a way that to benefit people, community and society". During the last decades, many countries give importance to this concept in order to deal with problems regarding unemployment, poverty, pollution and other social and environmental problems. Furthermore, the last financial crisis has drawn wide attention to socio-economic dimensions in finance and banking. Then, it is now agreed that the lack of ethics and low morality in business has damageable consequences not only financial, but also social and environmental. Islamic banks, which are financial institutions that conduct their activities according to Islamic principles, are expected to reflect the socio-economic objectives of Islam and have to incorporate both profit and social responsibility into their objectives because they are supposed to have ethical identity (Haniffa and Hudaib, 2007). "Islamic banks are thus expected to portray a high level of corporate social responsibility which would be evident in their social reporting practices as evidenced in their annual reports." (Zubairu et al., 2011).

This paper investigates the level of Corporate Social Responsibility Disclosure in Islamic banks. Secondly, the paper verifies the link between performance indices (ROA, ROE) and the level of Corporate Social Responsibility Disclosure (CSRD). This study has the following structure: In section 2, there is a presentation of literature review of previous studies concerning the CSRD and the relationship between CSRD and the performance of Islamic banks. Section 3 describes materials and methodology of the research. Section 4 provides the analysis of results while in the last part, section 5, the conclusion is presented.

2. Literature review

Many studies attempt to investigate the corporate social responsibility disclosure in Islamic banking and the performance of Islamic banks. This section gives a review of studies trying to address the CSRD in the case of Islamic banks in one hand, in the other hand, this section summarize results of studies on Islamic bank's performance.

2.1 Corporate Social Responsibility Disclosure in Islamic banking

The Corporate Social Responsibility Disclosure (CSRD) highlights the link between business and the larger society

(Snider et al., 2003). Among the studies of Corporate Social Responsibility, Social Reporting, Ethical identity disclosures are: Haniffa and Hudaib (2007), Zubairu et al. (2011), Abbasi et al. (2012), Arshad et al. (2012), Zubairu et al. (2012).

Haniffa and Hudaib (2007) argue that Islamic have an ethical identity and "are expected to be more socially responsible than their conventional counterparts". In their study, Haniffa and Hudaib (2007) attempted to evaluate the level of ethical identity by opposing "communicated" to "ideal" "ethical identity". The research of Haniffa and Hudaib (2007) highlights important lack on information regarding four dimensions: commitments to society, disclosure of corporate vision and mission, contribution to and management of *Zaka*, charity and benevolent loans, and information regarding top management. Zubairu et al. (2011, 2012) conducted their research on Islamic banks in Saudi Arabia, in order to examine the social disclosure of the selected banks in this country. Zubairu et al. (2011, 2012) found that the Islamic banks in Saudi Arabia had deficient disclosure practices. Abbasi et al. (2012) attempted to compare the CRSD in Islamic and conventional banks, the finding showed a little significant difference in the level and the degree of the disclosures between Islamic and Conventional banking. Arshad et al. (2012) found a positive correlation between CSRD and both corporate reputation and performance.

2.2 Performance on Islamic banks

Many studies attempt to assess the performance and profitability of Islamic banks. Some of those studies focus on performance ratios: Samad and Hassan (2000), Masood et al. (2009). Other studies try to compare Islamic banks with conventional banks in term of performance and profitability: Ashraf and Zia-ur-Rehman (2011), Jaffar and Manarvi (2011), Siraj and Pillai (2012), Usman and Kashif Khan (2012). Among the studies trying to find determinant of Islamic banks performance: Haron (2004), Izhar and Asutay (2007), Srairi (2009), Idris et al. (2011), Hidayat and Abduh (2012).

Samad and Hassan (2000) used financial ratios in order to measure inter-temporal and inter-bank performance of Islamic bank (Bank Islam Malaysia Berhad (BIMB) in profitability, liquidity, risk and solvency and community involvement for the period 1984-1997. The authors found that BIMB is relatively more liquid and less risky compared to a group of 8 conventional banks. Masood et al. (2009) attempted to analyze the determinants of banks' profitability in the Kingdom of Saudi Arabia over the period 1999-2007. Masood et al. (2009) used Augmented Dickey Fuller test, Johansen's co-integration test and Granger causality test to investigate the co-integration and causal relationship between return of assets (ROA) and return of equity (ROE). Masood et al. (2009) argued that variables are co-integrated.

Ashraf and Zia-ur-Rehman (2011) analyzed performance for Islamic and conventional banks in Pakistan using five financial ratios (profitability, earnings, liquidity, credit risk, asset activity) during the period from 2007 to 2010. Ashraf and Zia-ur-Rehman (2011)'s finding indicated that Islamic banks' performance is "less effective" according to "inefficiency of management" and "augmented operating cost". Jaffar and Manarvi (2011) conducted their performance comparative study for period from 2005 to 2009 on Islamic and conventional banks operating in Pakistan. They used capital adequacy, asset quality, management quality, earning ability and liquidity position as CAMEL test standard factors. The authors found that Islamic banks are better regarding capital adequacy and liquidity, while conventional banks performed in management quality and earning ability. Asset quality was nearly the same for both modes of banking. Siraj and Pillai (2012) found that Islamic banks are "more equity financed than conventional banks". Usman and Kashif Khan (2012) conducted comparative study of profitability and liquidity ratios from 2007 to 2009 of Islamic banks (Mezan Bank Ltd, Bank Islamic and Albaraka) and conventional banks (Faysal Bank, KASB and Bank of Khyber). Usman and Kashif Khan (2012)'s finding indicated that Islamic banks' growth rate and profitability are higher compared to those of conventional banks. The authors conclude that "the Islamic banks have high liquidity power over conventional banks".

Haron (2004) examined internal and external factors influencing Islamic banks' profitability. Haron (2004) found a high correlation between internal factors (liquidity, total expenditures, funds invested in Islamic securities, the percentage of the profit-sharing ratio between the bank and the borrower of funds) and the total income's level received by the Islamic banks. The author found almost the same impacts regarding external factors like size of the bank, interest rates and market share. Izhar and Asutay (2007) concluded that financing activities was the mean source of Bank Muamalat Indonesia (BMI)'s profit, while service activities' contribution to profitability of the studied bank was not significant. The authors' paper revealed that the short-term based financing was the mean financing activities during 1996-2001. Izhar and Asutay (2007) confirmed a positive relationship between inflation and profitability measure. Srairi (2009) addressed a sample of Islamic and conventional banks in the Gulf Cooperation Council (GCC) countries during the period from1999 to 2006 in order to test the impact of financial structure, bank characteristics and macroeconomic indicators on the profitability of the two modes of banks. Srairi (2009) found that capital adequacy, credit risk and operational efficiency had effect on the profitability of both conventional and Islamic banks. However, the financial risk and Liquidity ratio had a positive effect on "only Islamic banks' profitability". Idris et al. (2011) attempted to evaluate the profitability determinants of Islamic banks in Malaysia. Idris et al. (2011) found that "only the bank size is significant in determining the profitability with positive relationship".

Hidayat and Abduh (2012) attempted to assess the impact of financial crisis of 2007/2008 on the financial performance of Islamic banking industry in Bahrain. Hidayat and Abduh (2012) found that even if the impact of the financial crisis was no significant on Bahrain Islamic banking performance for the crisis period, the impact was significant after the crisis period.

2.3 CSR Disclosure and Performance

There are few studies attempting to analyze the relationship between CSRD and performance of Islamic banks. Arshad et al. (2012), attempted to investigate the impact of CSRD on Islamic bank performance. The study was conducted on a sample of Malaysian Islamic banks during years 2008, 2009 and 2010. The study concluded that communication of corporate social responsibility is "significantly positively related to firm performance as measured by ROA and ROE". Our paper comes in line with this study in order to examine the relationship between the performance of Islamic banks and the level of corporate social responsibility disclosure.

3. Materials and methodology

This section presents the sample and data of the study, the construction of CSRD index, ROA and ROE indices and the regression models.

3.1 Sample selection and data collection

To analyze the corporate social responsibility disclosure of Islamic banks selected in our sample, we use content analysis to extract information from annual reports of eight Islamic banks for 2009 and 2010. Content analysis is a method widely used in the studies about disclosure (Branco and Rodrigues, 2006; Haniffa and Hudaib, 2007; Giannarakis and Theotokas, 2011; Zubairu et al., 2011; Abbasi et al., 2012; Ahmed et al., 2012; Arshad et al., 2012; Setyorini and Ishak , 2012; Zubairu et al., 2012).

The eight banks of the sample are:

1- AbuDabai Islamic Bank (ADIB), 2- Affin Bank (AIBM), 3- Al Baraka Bank, 4- Al Rajhi Bank, 5- Al Salam Bank, 6- Emirate Islamic Bank (EIB), 7- Kuwait Finance House (KFH), 8- Qatar International Islamic Bank (QIIB)

A total of 16 annual reports are analyzed. We categorize CSRD information into nine categories (Dimension):

A- Dimension: Mission and Vision, B- Dimension: Board of Directors and top management, C- Dimension: Product, D-Dimension: *Zakat*, charity and benevolent loans, E- Dimension: Employees, F- Dimension: Debtors, G- Dimension: Community, H- Dimension: Environment, I- Dimension: *Shariah* Supervisory Board (SSB)

This checklist is adopted from two studies, Haniffa and Hudaib (2007) and Zubairu et al. (2011). Haniffa and Hudaib (2007) suggested a list of eight dimensions to explore the ethical identity of Islamic Banks. (Zubairu et al., 2011) adopted the same list but include the Environment Dimension. Therefore, the checklist utilized in this study consists on 9 dimensions and 82 items. Details of the checklist are presented in the appendix.

To measure the level of CSRD for the banks, a disclosure index is created. A score of 1 is assigned for every item of the checklist that is disclosed in the annual report for each bank, and zero for every item not disclosed.

$$CSRDIbt = \frac{\sum_{i=1}^{n} xibt}{n} \tag{1}$$

With:

CSRDIbt: Corporate Social Responsibility Disclosure Index for bank b and time t (year).

xibt: equal to 1 if item i is disclosed for bank b and time t (year)

n: Total of items (82)

3.2 Performance Indices: ROA, ROE

To measure bank's performance, Return on Average Asset (ROA) and Return on Equity (ROE) indices are used. Previous studies used those indices to analyze the financial performance of banks or other types of firms (Bashir, 1999; Bashir, 2003; Izhar and Asutay, 2007; Masood et al., 2009; Srairi, 2009; Samad and Hassan, 2000; Akhtar et al., 2011; Ashraf and Zia-ur-Rehman, 2011; Idris et al., 2011; Jaffar and Manarvi, 2011; Ahmed et al., 2012; Arshad et al., 2012; Hanif et al., 2012; Hidayat and Abduh, 2012; Siraj and Pillai, 2012; Usman and Kashif Khan, 2012).

$$\text{ROA} = \text{Net Income/ Total Average Assets} \qquad (2)$$

$$\text{ROE} = \text{Net Income/ Total Equity} \qquad (3)$$

Net Income, Total Equity, Total Assets are directly extracted from annual reports. Total Average Assets is calculated as:

$$\text{For 2010: Total Average Assets} = (\text{Total Assets in 2010} + \text{Total Assets in 2009})/2 \qquad (4)$$

$$\text{For 2009: Total Average Assets} = (\text{Total Assets in 2009} + \text{Total Assets in 2008})/2 \qquad (5)$$

3.3 Regression Models

To analyze the relation between CSRDI and the performance indices ROA and ROE, tow regression models are studied: the first one estimate the relation between ROA and CSRDI, the second investigate the relation between ROE and CSRDI.

3.3.1 Model 1: Relation between ROA and CSRDI

Hypothesis of model 1:

H0: There is no linear relation between ROA and CSRDI

H1: There is linear relation between ROA and CSRDI

The regression model used to verify those hypotheses is:

$$\text{ROAt} = \alpha 0 + \beta t \text{ CSRDIt} + \text{et} \qquad (6)$$

3.3.2 Model 2: Relation between ROE and CSRDI

Hypothesis of model 2:

H0: There is no linear relation between ROE and CSRDI.

H1: There is linear relation between ROE and CSRDI

The regression model used to verify those hypotheses is:

$$\text{ROEt} = \alpha 0 + \beta t \text{ CSRDIt} + \text{et} \qquad (7)$$

4. Findings and Discussion

This section gives findings of the research and discusses the results. First, CSRD index results are summarized (see Table 1). Secondly, the results of regressions models are given and commented.

4.1 CSRD Index Results

The study of the level of corporate social responsibility disclosing shows that there is lack of disclosing. (Table 1). Table 1 summarizes the results of this analysis for each dimension. Table 2 gives CSRD Index values. Al Baraqa Bank has the highest value of CSRDI for 2010 and 2009 (35.37, 35.37) followed by Al Salam Bank with values 35.37 for 2010 and 30.49 for 2009. QIIB has the lowest value of CSRDI with value of 14.63 for 2010 and 13.47 for

2009 (Table 2).

4.2 Regression model with ROA

We run the regression models for two years 2010 and 2009 using SPSS software. The table 4 shows regression models parameters for the two models (6) and (7).

From the results of table 4, equations of regression models can be written like:

ROA2010 = 7, 216 – 0,194xCSRDI, ROA2009 = 3,850 – 0,074xCSRDI

Table 5 shows that value of R2 (R Square) for 2010 is 0,546 that means that 54.6% of dependant variable (ROA) can be explained by the independent variable (CSRDI). For 2009, the value of R2 is 0,083 that means 8.3% only of ROE is explained by CSRDI, the other 91,7% is explained by another factor that not include in this research like size of company, age, etc.

Table 6 gives ROA ANOVA results. The value of Test F is 7.228 for 2010 with significance (p-value) of 0.036 >0.0005 (0.05%). For 2009, the value of F is 0.542 with significance (p-value) of 0.489>0.0005 (0.05%). Then, the null hypothesis is accepted, so there is no relation statistically significant between ROA and CSRDI.

4.3 Regression model with ROE

In this section, we explain results of regression model (7). Table 4 gives coefficients of the model for 2010 and 2009.

From these results we can write the regression model like:

ROE2010 = 33,271 – 0,782xCSRDI, ROE2009 = 16,389 -0,205xCSRDI

Table 5 shows that value of R2 (R Square) for 2010 is 0,429 that means 42,9% of dependant variable (ROE) is explained by the independent variable (CSRDI). For 2009, the value of R2 is 0,035 that means 3.5% only of ROE is explained by CSRDI, the other 96,5% is explained by another factor that not include in this research like size of company, age, etc.

Table 6 gives ROE ANOVA results. The value of Test F is 4.512 for 2010 with significance (p-value) of 0.078 >0.0005 (0.05%) and 0.221 for 2009 with significance (p-value) of 0.655>0.0005 (0.05%). Then, the null hypothesis is accepted, so there is no relation statistically significant between ROE and CSRDI.

5- Conclusion

This research has attempted to empirically assess the relationship between CSRD and Islamic banks performance as measured by ROA and ROE. The results revealed an important lack in information disclosed regarding corporate social responsibility. In addition, some banks disclose more than other banks of the sample (Al Baraka Bank, Al Salam Bank). QIIB has the lowest value of CSRDI. In the other hand, the results of regression models refute a statistically significant relation between ROA and ROA with CRSDI.

Finally, there are some limitations in this study. First, this study focuses only on accounting based performance measurements and the study is conducted on eight banks for tow years 2009 and 2010. Future research may also consider market based performance measurement with largest sample. Secondly, this study focuses on CSR disclosures in banks’ annual reports. Other forms of communication channels such as the bank’s web site, standalone sustainability-type reports, newspapers and in-house magazines have been used to communicate corporate social responsibility activities. Hence, future research may consider such disclosures.

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Table 1. Corporate Social Responsibility Disclosure Results

Dimension	CSRD results
A- Mission and Vision	Most of Islamic banks in the sample don't disclose any clear commitments to engage only in permissible investments or financing activities. The most of banks in this study just say to have as 'Principal activities' investing and financing activities Sharia compatible. That let us ask: is there 'Not principal activities' that are non Sharia Compatible. The banks do not disclose if they have non-permissible investing of financing activities.
B- Board Of Directors and top management	Most of banks disclose information about Board of Directors (Names, Positions, Pictures, and Profiles). Only some of banks give information about their Team Management. Other information is not given (Shareholdings of board members).
C- Product	For the dimension of product, there is a very luck in information. No bank gives information about non permissible activities or details about new products and approve of SSB. Annual reports don't give any details about investments activities or financing projects. Only some of annual report contains glossary or terms definitions.
D- Zakat, charity and benevolent loans	Most of banks mention Zakat and amount to be paid for it. But there is a lack regarding other information (Source of Zakat, Uses or beneficiaries of Zakat). Charity and donations are also mentioned by some of banks. *Qard Hassan* is not disclosed by any bank.
E- Employees	The entire of bank, except Qatar International Islamic Bank, gives information about number of their employees. Other items are not declared (Employees appreciation, Employees welfare, employees reward, …)
F- Debtors	There is no debt policy disclosure in all annual reports.
G- Community	Only some of banks declare to have social role and a few banks only declare to sponsor social activities and to participate in conferences or seminar in Islamic economics.

H- Environment	There is no disclosure about environmental policies, conserving natural resource or energy efficiency.
I- Shariah Supervisory Board (SSB)	All banks give names of *Sharia* Supervisory Board members, except Al Rajhi bank and Emirates Islamic Bank. Only two banks give pictures of members of SSB: Kuwait Finance House and Affin Bank. No bank gives remuneration of SSB members or meeting held by them. There is a lack of information for this dimension also.

This table summarizes results of CSRD among the banks studied for each dimension.

Table 2. CSRD Index values

Bank/ Year	2010	2009
ADIB (United Arabic Emirates)	26,83	25,61
AIBB (Malaysia)	28,05	21,95
Al Baraka (Bahrain)	35,37	35,37
Al Rajhi (Saudi Arabic Kingdom)	23,17	24,39
Al Salam Bank (Bahrain)	35,37	30,49
Emirates Bank (United Arabic Emirates)	25,61	14,63
KFH (Kuwait)	29,27	25,61
QIIB (Qatar)	14,63	13,41

The table above gives values of CSRDI for each bank for the years 2010 and 2009.

Table 3. ROA, ROE values

Bank	ROA		ROE	
	2010	2009	2010	2009
ADIB (United Arabic Emirates)	1,47	0,14	12,63	1,09
AIBB (Malaysia)	0,37	0,52	6	8,24
Al Baraka (Bahrain)	1,33	1,39	10,62	9,64
Al Rajhi (Saudi Arabic Kingdom)	3,81	4,05	22,33	23,55
Al Salam Bank (Bahrain)	0,89	2,08	3,61	6,92
Emirates Bank (United Arabic Emirates)	0,21	0,51	2,09	4,55
KFH (Kuwait)	2,01	2,47	14,93	17,22
QIIB (Qatar)	5,27	5,52	23,27	20,59

This table gives different values of ROA and ROE indices for each bank and for years 2010 and 2009.

Table 4. ROA and ROE regression model coefficients

Dependent variable	Year	Predictors	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std Errors	Beta		
ROA	2010	Constant	7.216	2.021		3.570	0.012
		CSRDI	-0.194	0.072	-0.739	-2.689	0.036
	2009	Constant	3.850	2.495		1.543	0.174
		CSRDI	-0.074	0.100	-0.288	-0.736	0.489
ROE	2010	Constant	33.271	10.307		3.228	0.018
		CSRDI	-0.782	0.368	-0.655	-2.124	0.078
	2009	Constant	16.389	10.883		1.506	0.183
		CSRDI	-0.205	0.437	-0.188	-0.470	0.655

This table gives regression coefficients from the two models ROA and ROE.

Table 5. ROA and ROE Regression parameters

Dependent variable	Year	R	R square	Adjusted R square	Std. Error of the Estimate
ROA	2010	0.739	0.546	0.471	1.28199
	2009	0.288	0.083	-0.070	1.95502
ROE	2010	0.655	0.429	0.334	6.53669
	2009	0.188	0.035	-0.125	8.52665

This table gives Regression parameters for the models of the study.

Table 6. ROA and ROE ANOVA Results

Dependent variable	Year	Model	Sum of Square	df	Mean Square	F	Sig.
ROA	2010	Regression	11.880	1	11.880	7.228	0.036
		Residual	9.861	6	1.644		
		Total	21.741	7			
	2009	Regression	2.072	1	2.072	0.542	0.489
		Residual	22.933	6	3.822		
		Total	25.005	7			
ROE	2010	Regression	192.805	1	192.805	4.512	0.078
		Residual	256.370	6	42.728		
		Total	449.174	7			
	2009	Regression	16.055	1	16.055	0.221	0.655
		Residual	436.223	6	72.704		
		Total	452.278	7			

This table gives ANOVA's results for ROA and ROE models.

Appendix: CSRD Check List

A. Dimension: vision and mission
1- Commitments in operating within *Shariah* principles/ideals
2- Commitments in providing returns within *Shariah* principles
3 - Focus on maximizing shareholder returns
4- Current directions in serving the needs of Muslim community
5- Future directions in serving the needs of Muslim community
6- Commitments to engage only in permissible investment activities
7- Commitments to engage only in permissible financing activities
8- Commitments to fulfill contracts via contract (*uqud*) statement
9- Appreciation to shareholders and customers

B. Dimension: BOD and top management
1- Names of board members
2- Positions of board members
3- Pictures of board members
4- Pictures of board members
5- Shareholdings of board members
6- Multiple-directorships exist among board members
7- Membership of audit committee
8- Board composition: executive vs. non-executive
9- Role duality: CEO (Chef Executif Officer) is Chairman of board
10- Names of management team
11- Positions of management team
12- Pictures of management team
13- Profile of management team

C. Dimension: product
1- No involvement in non-permissible activities
2- Involvement in non-permissible activities - % of profit
3- Reason for involvement in non-permissible activities
4- Handling of non-permissible activities
5- Introduced new product
6- Approval ex ante by SSB for new product
7- Basis of *Shariah* concept in approving new product
8- Glossary/definition of products
9- Investment activities – general
10- Financing projects – general

D. Dimension: *Zaka*, charity and benevolent loans
1- Bank liable for *Zaka*
2- Amount paid for *Zaka*
3- Sources of *Zaka*
4- Uses/beneficiaries of *Zaka*
5- Balance of *Zaka* not distributed – amount
6- Reasons for balance of *Zaka*
7- SSB attestation that sources and uses of Zakāt according to *Shariah*
8- SSB attestation that *Zaka* has been computed according to *Zaka*
9- *Zaka* to be paid by individuals-amount
10- Sources of charity (*saddaqa*)
11- Uses of charity (*saddaqa*)
12- Sources of *qard al-hassan*

13- Uses of *qard al-hassan*
14- Policy on non-payment of *qard al-hassan*

E. Dimension: Employees
1- Employees appreciation
2- Number of employees
3- Equal opportunities policy
4- Employees welfare
5- Training: *Shariah* awareness
6- Training: other
7- Training: student/recruitment scheme
8- Training: monetary
9- Reward for employees

F. Dimension: Debtors
1- Debt policy
2- Amount of debts written off
3- Type of lending activities – general
4- Type of lending activities – detailed

G. Dimension: Community
1- Women branch
2- Creating job opportunities
3- Support for org. that provide benefits to society
4- Participation in government social activities
5- Sponsor community activities
6- Commitment to social role
7- Conferences on Islamic economics

H. Dimension : Environnent
1- Environnemental policies
2- Environmental management system and environmental awards (including ISO 14001 and Eco management and audit scheme – EMAS)
3- Lending and investment policies
4- Conservation of natural resources and recycling activities
5- Energy efficiency.

I. Dimension: *Shariah* Supervisory Board (SSB)
1- Name of members
2- Pictures of members
3- Remuneration of members
4- Report signed by all members
5- Number of meeting held
6- Examination of all business transactions ex ante and ex post
7- Examination of a sample of business transactions ex ante and ex post
8- Report defect in product: specific and detailed
9- Recommendation to rectify defects in products
10- Action taken by management to rectify defect in product
11- Distribution of profit and losses comply to *Shariah*