



Shariah Committee Mandate

Gulf International Bank – Saudi Arabia

Shariah Committee Mandate

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Shariah Committee Mandate

1 Introduction

1.1 Purpose

- 1.1.1 This is the mandate ("Mandate") for the Shariah Committee ("Committee") of the Board of Directors ("Board") of the Gulf International Bank Saudi Arabia ("GIB KSA" or "Bank"). It governs the procedures of the Committee and outlines the procedures and guidelines for issuing Shariah decisions related to engaging in Islamic banking activities.
- 1.1.2 The role of the Shariah Committee is to assist the Board in providing oversight of, but not limited to, the following:
- the overall Shariah governance framework of the Bank; the compliance of the Bank's Islamic banking activities with the Shariah principles and rules; the review of all Shariah policies, procedures, and frameworks;
 - the Bank's compliance and implementation of Shariah decisions issued by the Committee.
 - The existence of effective communication policy among the functions of the Bank in matters related to compliance of Islamic banking activities with the Shariah principles and rules;
 - Assessing the compliance and internal Shariah audit work to ensure compliance with the Shariah aspects. Such assessment is part of the tasks related to submitting the reports on assessment of Shariah compliance.

1.2 Review and update the Mandate

- 1.2.1 The Board will, in consultation with the Committee, conduct an annual review of the Mandate to ensure that the Mandate continues to reflect the current processes and guidance utilized. The review shall be conducted annually by the Group Head of Shariah Compliant Banking (the "GHSCB") and any change should be proposed to the Committee. All amendments to this Mandate shall be recommended by the Committee, endorsed by GNRC and approved by the Board of Directors.
- 1.2.2 The Board members to take into account new regulatory requirements on Board Committees.

1.3 Annual Performance Evaluation

The Governance, Nomination, and Remuneration Committee, shall conduct, with the Committee, an annual performance evaluation of the Committee, which will compare the Committee's performance with the requirements stated in this document and it will be based on competence, knowledge, contribution and effectiveness. The report must be in the form of a written report provided to the Board at the regularly scheduled Board meetings.

2 Delegation of Power

The Committee has been established pursuant to Saudi Central Bank ("SAMA") rules, the bylaws of the Bank ("Bylaws") and the Board has delegated certain powers to the Committee.

3 Composition

- 3.1 The Committee shall be composed of no less than three and no more than five members, two-thirds of whom shall be independent members. The Committee shall be chaired by an independent member. This Committee may not be chaired by the Chairman of the Board or Chairman of any other Board committee.
- 3.2 For the purpose of this Mandate, "independence" shall be defined pursuant to the SAMA Shariah Governance Framework.
- 3.3 The Chairman and Members of the Shariah Committee shall be appointed by the Board of Directors for a period of three years. The Chairman and Members of the Committee will be

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appointed after obtaining no objection from SAMA on the endorsement of the Governance, Nominations and Remuneration Committee and the Board of Directors.

- 3.4 The Bank shall not appoint any member of the committee from a Shariah Committee of another bank operating in Saudi Arabia.
- 3.5 The Bank shall include a confidentiality clause in the contract or terms of appointment of the committee members to maintain the confidentiality and secrecy of the bank's information.

4 Qualification

- 4.1 The committee members shall be properly qualified to carry out the duties assigned to them. They shall have a clear understanding of their tasks and responsibilities and be able to exercise sound judgment with objectivity. The members shall also possess various professional, practical and administrative skills as well as experience in Shariah and financial matters. They shall have appropriate personal qualities, especially honesty and commitment in addition to a high degree of good reputation, competence and responsibility. Moreover, a Committee Member's qualifications should include leadership, independence, competence, and Shariah and financial knowledge.
- 4.2 The Chairman of the Committee ensures that each new member receives a formal and tailored induction to the Bank's business and corporate governance, as applicable to the Committee.
- 4.3 The attendance of the members of the Committee's meetings is important for their membership to continue.

5 Removal or Resignation

- 5.1 If a member of the Committee retires, is removed or resigns from the Committee, the Board shall appoint a successor -on the recommendation of the Governance, Nominations and Remunerations Committee - who will complete the remaining period of his predecessor in the membership of the Committee. The successor will be appointed after obtaining no-objection from SAMA on the appointment. Provided that such an appointment is ratified on the following Board meeting.
- 5.2 The Membership of a Committee member may not be terminated before the expiry of its term except with acceptable justification.
- 5.3 Upon resignation/expiry of the term of membership of any committee member for any reason, the Committee Secretary shall immediately notify the Board Secretary in order to notify SAMA in writing within five business days

6 Invitees

- 6.1 The Committee may invite any Senior Executive or any other individual to attend a meeting of the Committee, as it is considered appropriate.
- 6.2 The invitees cannot be present at any discussion in relation to themselves unless the Committee has invited them to discuss these issues with them. None of the invitees shall be considered members of the Committee nor shall they participate in any decision or vote of the Committee.

7 Secretary

- 7.1 The GHSCB will act as the secretary to the Committee. The Secretary will only be present in an administrative capacity and will only participate in discussions of the Committee if he/she is invited to participate in such discussions.

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7.2 The secretary will not participate in any decision or vote of the Committee.

7.3 The Secretary shall ensure, on an annual basis, the disclosure of Shariah Committee Members of any related party involvement, outside interests and activities (in line with the requirements of SAMA) and communicate such disclosures to the Governance Unit at GIB-KSA.

8 Meetings

8.1 Frequency

8.1.1 The Committee will meet as frequently as required but not less than once every three months, in addition to any other meetings to be held when required. The Committee Chairman or any other member of the Committee may call a Committee meeting.

8.2 Calling Meetings and Notice

8.2.1 A notice of each meeting confirming the date, time, venue and agenda must be forwarded to each member of the Committee five working days before the date of the meeting, where it can be conducted in person or via teleconference/video-conference or any other electronic or virtual means of communication, as agreed in advance of the meeting. The Chairman may consider, for purposes of determining a quorum, that any Member participating by telephonic or electronic means is present during the entire meeting. The notice for the Committee members will include relevant supporting papers for the agenda items to be discussed. The Chairman will approve the agenda for the meetings and any member may suggest items for consideration.

8.3 Quorum and Voting

8.3.1 A quorum will comprise the majority of the Committee members. In the absence of the Committee chair, the Chairman of the Committee will elect one of the members to chair that meeting, if the Chairman and the delegate cannot attend then the members shall elect a chair for such a meeting.

8.3.2 Resolutions shall be passed by a majority vote of attending members. Each member will have one vote and the Chairman of the Committee will not have a second or casting vote. In the case of a tie, the vote of the committee's chairman shall prevail. The opinion of the dissenting members must be recorded in the minutes of the meeting. No voting by proxy shall be permitted.

8.3.3 The invitees to the meeting will not have the right to vote on any matters being discussed by the Committee.

8.4 Situations of conflict of interests

In circumstances where a conflict of interest arises, the conflicted member shall be excused and recused from attending (either physically or virtually) the discussions/deliberations in regards. The conflicted member shall not vote on a decision by the Committee relating to such conflicting matter.

8.5 Resolution by circulation

The Committee may, when necessary, make resolutions by way of consultations through circulation, unless a member has requested in writing that the Committee be convened to deliberate on such resolutions and such decisions taken in this manner require the majority vote of its members. Decisions made by circulations shall be ratified at the following meeting of the

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Committee and shall be recorded in the minutes of such meetings.

8.6 Minutes

Minutes of the meetings and Committee resolutions will be kept by the Secretary. Minutes will be distributed to all Committee members the available channels (such as Convene), within a period not exceeding 3 working days, after the Committee Chairman has given the preliminary approval. All attending committee members shall be required to sign the minutes of meetings. The members shall be entitled to request the Committee for clarification of any issues. Minutes, agenda and supporting papers will be made available to any Board member upon request to the Secretary, providing no conflict of interest exists.

8.7 Resources

8.7.1 The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of external advisors as it deems necessary and appropriate, without seeking approval of the Board or management. The Bank shall provide appropriate funding for the compensation of any such persons.

8.7.2 The Committee may meet with these external advisers without the management being present.

9 Authority & Responsibilities

9.1 Authority & Responsibilities of the Committee

The Committee has the specific responsibilities and authorities relating to:

- (a) supervise the compliance of Islamic banking transactions with the Shariah principles and rules.
- (b) issue decisions on Shariah matters so that the Bank can comply with the Shariah principles and rules;
- (c) ensure that the Shariah policies and procedures developed by the bank are consistent with the Shariah principles and rules;
- (d) assess the compliance and internal Shariah audit work to ensure compliance with the Shariah aspects;
- (e) inform the Board, and recommend appropriate corrective actions, if it is proven to the Committee that the bank has engaged in Islamic banking activities that are not Shariah compliant;
- (f) inform SAMA of cases in which Shariah non-compliant activities are not effectively or adequately addressed or no corrective actions are made by the Bank;
- (g) prepare an annual report on the compliance of the banking Islamic activities of the Bank with the Shariah principles and rules and submit it to the Board;
- (h) reviewing and if required, investigating complaints relating to Shariah non-compliant matters related to the banking Islamic activities;
- (i) Discharge any responsibility delegated by the Board;
- (j) Approve/ review advertised Sharia products and services based on the proposal of the GHSCB.
- (k) Review and endorse the Bank's policies.

9.1.1 The Committee may delegate some of its responsibilities to the GHSCB. Such a delegation shall not discharge the Committee from its responsibilities towards decisions taken by virtue of its issued

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delegation(s). Where the Committee issues a delegation to the GHSCB, any decision taken by virtue of such a delegation must be presented to the Committee for ratification during the immediate subsequent meeting.

9.2 Principle Responsibilities

The main responsibilities of Shariah Committee that are necessary to comply with the requirements of the Saudi Central Bank include, without limitation, the following:

- 9.2.1 Examining the Bank's transactions, contracts, agreements, documents and forms and then providing necessary resolutions and instructions;
Approving all Sharia products and credits endorsed by the GHSCB that are to be offered by the Bank along with any subsequent amendments; and reviewing the details of legal contracts and other documents related to products, credits and operations
- 9.2.2 Monitoring the Bank compliance with Shariah provisions in all its transactions and activities as well as ensuring the proper implementation of the Committee's resolutions, which proposed by GHSCB and approved by Shariah Committee
- 9.2.3 Monitoring subsidiaries company related Shariah matters when there is a business need or GIB KSA involvement is requested.
- 9.2.4 Approving all Shariah-compliance standards once endorsed by the GHSCB and issuing directives to take corrective action when necessary;
- 9.2.5 Establishing Sharia mechanisms for the disposal of funds that have been earned or acquired in violation of Shariah principles and supervising their disbursement; Committee must approve charity name for donation based on GHSCB recommendations.
- 9.2.6 Ensure establishing Sharia department formal procedure manual to govern its activities and the Shariah decision making mechanisms
- 9.2.7 Ensure establishing a documented communication mechanism between the Shariah Compliant Banking department and other departments performing any Shariah related activities
- 9.2.8 Evaluating the technical performance of the GHSCB and Committee's Secretariat on annual basis
- 9.2.9 Setting and approving KPIs for GHSCB and divisional scorecard for the Sharia Function and review the performance of the GHSCB at least once per year and make appropriate recommendations to the Board or to the Governance, Nomination and Remuneration Committee, to oversee the performance of the GHSCB
- 9.2.10 The Committee shall approve on an annual basis a report on the key performance indicators achieved by the GHSCB and the divisional scorecard against the set KPIs and scorecard
- 9.2.11 Review and endorse the Sharia policies prepared by the Bank and ensure they are in line with Sharia terms and principles;
- 9.2.12 The Board to approve the tracked/Notified Sharia provisions and principles violation (if any) after review and recommend by the GHSCB, endorsed by Shariah Committee with appropriate measures to remedy such violation;
- 9.2.13 Notifying Shariah Compliant Banking department of cases where Shariah non-compliant activities are not addressed effectively or adequately, or no corrective measures has been taken by the Bank regarding such cases; and
- 9.2.15 Approval of New Products/ Services and Material Changes to the existing ones.
- 9.2.16 Approval of implemented decisions by Shari'a department

9.3 Other Responsibilities

- 9.3.1 Regularly monitor the information needs of the Board to perform its responsibilities.

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- 9.3.2 Perform other activities related to this Mandate as requested by the Board.
- 9.3.3 Approve the Internal Shariah Audit Plan/ results once reviewed by the Audit Committee and proposed by the GHSCB
- 9.3.4 Discuss, with the Audit Committee, the deliverables for the Internal Shariah Audit function.
- 9.3.5 Ensuring Sharia governance or Sharia non-compliance risks report are presented to the Board Risk Committee regularly
- 9.3.6 Approval of the sponsorship arrangements from a Shariah perspective, when required, following GHSCB's recommendation

9.4 Responsibilities of the Chairman

- 9.4.1 Without prejudice to the functions of the committee, the Chairman shall lead the Committee, supervise the progress of its work, and effectively perform its duties, which are:
 - a) Ensuring that the committee members receive complete, clear, correct and not misleading information on a timely manner;
 - b) Verifying that the committee has discussed all Shariah matters submitted to it effectively and on a timely manner; and
 - c) Encouraging the Committee Members to carry out their tasks effectively.
- 9.4.2 Oversee the planning and preparations for the Committee meetings, including approving the agenda of the meetings;
- 9.4.3 Ensuring that all items requiring the Committee's approval and recommendations to the Board are appropriately tabled;
- 9.4.4 Oversee reporting and verbal presentations to the Board from the Committee;
- 9.4.5 Oversee the annual assessment of the Committee's performance;
- 9.4.6 Ensuring that the Committee has direct access to members of Executive Management as may be required by the Board; and
- 9.4.7 Representing the Committee before the General Assembly.

9.5 Responsibilities of the Committee members

- 9.5.1 Attending Committee meetings and providing a legitimate excuse when absent after notifying the Chairman in advance;
- 9.5.2 Knowing clearly the duties and responsibilities arising from membership in the Committee;
- 9.5.3 Dedicating sufficient time to carry out their responsibilities and to prepare for and participate in Committee meetings effectively;
- 9.5.4 Enabling other Committee members to express their views freely, encouraging the deliberation of certain topics, and taking opinions of specialists from the relevant department and others if the need arises;
- 9.5.5 informing the Board immediately and fully about any direct or indirect interest in the business and contracts executed for the Bank, or the direct or indirect engagement in any business that would compete with the Bank; and
- 9.5.6 Refraining from disclosing any confidential information obtained through their membership in the Committee.

10 Report to the Board

10.3 The Committee chair, or delegated person, will regularly report to the Board, following each Committee meeting, on the matters set out in Section 9 of this Mandate.

10.4 The Committee may delegate the role of preparing any such report to the management provided



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that any such report must be reviewed and endorsed by the Committee before being sent to the Board.

10.5 Each member of the Committee should confirm his independence on annual basis by signing off a declaration.

Document Approval Record

The signatories below have given their agreement to this Document:

Name	Role	Date
Khalil Baghdadi	Head of Legal, Corporate Governance, & Board Secretary	00 Nov 2025
Shariah Committee	Endorsement	00 Nov 2025
Governance, Nomination and Remuneration Committee	Endorsement	00 Dec 2025
Board of Directors	Approval	00 Feb 2026
EFFECTIVE DATE		00 Feb 2026
NEXT REVIEW DATE		00 Feb 2027