CIMB Islamic Bank Berhad

BOARD SHARIAH COMMITTEE CHARTER

DULY APPROVED BY CIMB ISLAMIC BANK BOARD AND THE BOARD SHARIAH COMMITTEE OF CIMB ISLAMIC BANK BERHAD ON 17 SEPTEMBER 2025 AND 11 SEPTEMBER 2025 RESPECTIVELY

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1. INTRODUCTION

1.1. The establishment of the Board Shariah Committee (BSC) is pursuant to Section 30(1) of the Islamic Financial Services Act (IFSA) 2013, which provides that a licensed person shall establish a Shariah Committee for purposes of advising the licensed person in ensuring that its business, affairs and activities comply with Shariah.

1.2. This BSC Charter sets out the requirements of the BSC and BSC Members as at the date hereof.

Unless otherwise stated the following applies:

"Board" refers to the Board of Directors of CIMB Islamic unless specifically stated otherwise

"BSC" refers to Board Shariah Committee established by the Board

"BSC Members" refers to members of BSC appointed by CIMB Islamic.

"CEO" refers to the Chief Executive Officer of CIMB Islamic

"CIMB Group" refers to CIMB Group Holding Berhad and its Subsidiaries, Associates and Jointly Controlled Entities in which CIMB Group Holdings Berhad holds a controlling interest as established under the corporate structure of CIMB, excluding PT Bank CIMB Niaga Tbk

"CIMB Islamic" refers to CIMB Islamic Bank Berhad

"GNRC" refers to Group Nomination and Remuneration Committee established by the CIMB Group

1.3. The purpose of the BSC Charter is to promote the highest standards of Shariah governance within the CIMB Group and to clearly set out the role, composition and responsibilities of the BSC. The BSC Charter serves not only as a reminder of the BSC's roles and responsibilities but also as a general statement of intent and expectation as to how the BSC discharges its duties and responsibilities.

1.4. The BSC Charter aims to guide BSC Members in its role and responsibilities to provide objectives and sound advices to CIMB Group to ensure its aims and operations, business, affairs and activities are in compliance with Shariah.

1.5. The BSC Charter should be read in conjunction with other corporate governance frameworks, policies, and guidelines in force, ensuring compliance with all applicable rules and regulations. This includes laws, guidelines, circulars issued by relevant authorities such as Bank Negara Malaysia (BNM), the Securities Commission Malaysia (SC) and Bursa Malaysia Securities Berhad (Bursa Malaysia), whenever applicable. In case of any conflicts, the governing laws, guidelines, and policies will prevail.

2. BOARD SHARIAH COMMITTEE MANDATE

2.1. The Board has established BSC as one of the Board Committees to assist the Board in exercising its role and responsibilities.

2.2. The role of the BSC is to assure and advise the Board and the CIMB Group that the Islamic Banking and finance operations of CIMB Islamic and the Group do not contain elements or activities that are not permissible under Shariah.

2.3. The BSC has the responsibility to provide objectives and sound advices to CIMB Islamic and the CIMB Group and to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah

3. BOARD SHARIAH COMMITTEE COMPOSITION

In determining the appropriate size of BSC, the Board considers factors such as the business needs of the CIMB Group and the need to provide a conducive environment for effective and sound deliberation of Shariah matters.

3.1. **Board Shariah Committee Size**

The number of BSC Members at all times must be a minimum of five (5) and:

(a) the majority of the members must be Shariah-qualified persons; and
(b) The Chairperson must be a Shariah-qualified person.

3.2. **Shariah Qualified Member**

Each Shariah qualified BSC Member must be aware that their presence is crucial in the following situations:

(a) The quorum to convene a meeting shall require the presence of majority of Shariah-qualified BSC Member;
(b) To serve as an alternate Chairperson in the absence of the appointed Chairperson; and
(c) Shariah qualified BSC Members are expected to contribute their views, opinions and deliberations from fiqh adaptation (takyif fiqhi) and the Shariah basis for approval.

3.3. **Islamic Finance Expert BSC Member**

Each non-Shariah qualified BSC Member which is considered as an expert in Islamic finance must be aware of that the voting rights are given equally with the Shariah-qualified BSC Members. Islamic finance expert BSC Members' background including but not limited to the following:

(a) Legal framework;

(b) Accounting and Finance;
(c) Business orientation;
(d) Corporate Governance;
(e) Risk Management; and
(f) Others.

3.4. **Board Shariah Committee Chairperson**
The Chairperson of the BSC must be a Shariah Qualified Member.

4. APPOINTMENTS, CESSATION AND DISQUALIFICATION

4.1 The Board has in place a formal and transparent process for the appointment of a BSC Member, which is overseen by the GNRC.

4.2 The GNRC with the assistance of the Secretariat of BSC, will conduct a thorough assessment of the candidate's qualifications, experience, external commitments and suitability for the role before making its recommendation to the Board. Further details regarding the procedure for nominations, evaluation criteria and conduct of the GNRC and Secretariat of BSC are outlined in its Terms of Reference (TOR) and Shariah Advisory and Board Shariah Committee Secretariat Policy and Procedure.

4.3 CIMB Islamic shall only appoint or reappoint a BSC Member if the following conditions are fulfilled:
(a) the person is a Muslim individual;
(b) the person has been assessed to have met the requirements specified in the BNM's Policy Document on Fit & Proper Criteria on a continuous basis; and
(c) the person is either–
    (i) a Shariah qualified person; or
    (ii) an expert who possesses relevant skills, knowledge and experience to support the roles and responsibilities of the BSC

4.4 For a Shariah qualified person, GNRC must assess whether the person fulfils the following:
(a) holds, at minimum, a bachelor's degree in Shariah, which includes study in Usul Fiqh (principles of Islamic jurisprudence) or Fiqh Muamalat (Islamic transaction/commercial law);
(b) possesses solid knowledge in Shariah with reasonable Islamic finance knowledge and experience of the relevant industry; and
(c) demonstrates strong proficiency and knowledge in written and verbal Arabic, with good command in the preferred language of the IFI, either Bahasa Malaysia or English language.

4.5 A BSC Member whose tenure has expired and is being proposed for reappointment must immediately cease to hold office and act in such capacity, including attending BSC meetings or holding himself out as a BSC Member.

4.6 A BSC Member is disqualified from being appointed or reappointed, accepting any appointment or reappointment or holding office as a BSC Member if: -

(a) he is an undischarged bankrupt, has suspended payments or has compounded by his creditors whether in or outside Malaysia;

(b) a charge for criminal offence relating to dishonesty or fraud under any written law or the law of any country, territory or place outside Malaysia, has been proven against him; or

(c) under any law relating to prevention of crime, drug trafficking or immigration–

(i) an order for detention, supervision or deportation has been made against him; or

(ii) any forms of restriction or supervision by bond or otherwise, have been imposed on him.

4.7 A BSC Member must not accept any appointment in more than one each at a licensed Islamic bank, licensed takaful operator and a prescribed institution.

4.8 A BSC Member or his immediate family member must not–

(a) be an executive of CIMB Islamic during the tenure of his appointment or within the last two (2) years of his proposed appointment as a BSC Member;

(b) be a substantial shareholder, executive director or senior officer of the CIMB Islamic or any of its affiliates; or

(c) have a significant business or other contractual relationship with CIMB Islamic or any of its affiliates within the last two (2) years.

4.9 The GNRC is also guided by BNM's Policy Document on Fit & Proper Criteria and Shariah Governance whenever applicable, when assessing candidates to ensure that all candidates, whether new or existing, meet stringent requirements related to integrity, competency, financial soundness, and time commitment.

4.10 The appointment or reappointment of a new or existing BSC Member is contingent upon the approval of BNM, with the duration of the appointment or reappointment determined in accordance with the terms specified in BNM's approval.

4.11 A BSC Member must not be an active politician who is a member of any national/state legislative body or is an office bearer of or holds any similar position in a political party at its branch level, district level, state level, regional level, national level, or any other similar connotations.

4.12 **Succession Planning**

(a) GNRC together with the Board shall ensure that all candidates appointed to the BSC are of sufficient caliber. GNRC and the Board shall satisfy that the succession plan is in place to provide for the orderly succession of the BSC.

(b) The succession planning for the BSC in general will be in the following order:

   (i) Assessment of existing BSC composition and the dynamic of each BSC Member to align with the business strategy;

   (ii) Identification of potential candidates available based on publicly available information for any new appointment or as an additional BSC Member in the current composition;

   (iii) Discussion and consultation between the senior management of the Group, GNRC and Board on any shortlisted or potential candidates; and

   (iv) Guided by internal governance process for any appointment or reappointment of a BSC Member.

Note: The succession planning for BSC must be read together with CIMB Islamic Board Charter and GNRC TOR.

5. PROCEDURES OF THE BOARD SHARIAH COMMITTEE

5.1. **Frequency of Meetings and Attendance**

5.1.1 The BSC shall meet sufficiently and regularly to discharge its duties effectively. The BSC shall have at least once in every two (2) months scheduled meetings in each financial year, or more frequently as circumstances dictate.

5.1.2 The BSC may also convene Special meetings as and when necessary to consider urgent proposals or matters that require its expeditious review or consideration.

5.1.3 All BSC Members must attend at least 75% of BSC meetings held in the financial year, and BSC Member must not appoint a representative to attend or participate in a BSC meeting on his/her behalf.

5.1.4 In the event the Chairperson is not present within fifteen (15) minutes after the time appointed for the meeting or is unwilling to act, the BSC Members then present shall elect one (1) among themselves to preside as Chairperson for that meeting.

5.1.5 Members of senior management of the Group may be invited to attend selected BSC meetings, but not necessarily for the full duration of the meeting.

5.2. **Meeting Mode**

5.2.1 The BSC Members must devote sufficient time to prepare for and attend BSC meetings and maintain a sound understanding of the business

5.2.2 The BSC must ensure that attendance at BSC meetings by way other than physical presence remains the exception rather than the norm. If a BSC Member is unable to be physically present, the BSC Member may participate via telepresence or teleconference, and his/her attendance shall be counted for the purpose of determining the meeting quorum.

5.2.3 The BSC may, from time to time and when deemed appropriate, consider, approve, or recommend relevant matters through a written Circular Resolution. This includes approvals communicated via legible and confirmed transmission methods, including electronic means, in place of convening a formal meeting. The use of Circular Resolutions should be limited and shall carry the same validity and effect as if passed at a duly convened BSC meeting.

5.2.4 Subject to Clause 5.4.4, a Circular Resolution shall only be deemed approved by the BSC if it is signed or otherwise accepted by electronic means by majority of the BSC Members, save except for proposals that require BSC to decide on new Shariah issues that have not been deliberated by BSC, Shariah Advisory Council ("SAC") of BNM or Securities Commission ("SC") and approval for new product, which are recommended to be deliberated and approved by the majority of the BSC Members at a duly constituted meeting.

5.2.5 Circular Resolutions that have been passed since the last BSC meeting shall be circulated to the BSC at the next meeting for notation only.

5.3. Notice, Agenda and Materials

5.3.1 Unless otherwise determined by the Chairperson of BSC, seven (7) days' notice of all BSC meeting shall be given to all BSC Members, except in the case of an emergency, where reasonable notice of the meeting shall be sufficient.

5.3.2 The Chairperson, in consultation with the Secretariat of BSC, shall set the agenda for the meetings and ensure that all relevant issues are included in the agenda. The agenda shall include, amongst others, matters specifically reserved for the BSC's decision.

5.3.3 The agenda and meeting materials shall be circulated to the BSC Members at least five (5) calendar days prior to each meeting to provide BSC Members sufficient time to review and consider the information supplied.

5.4. Quorum and Voting

5.4.1 The quorum for every meeting, shall be two-third (2/3) with the majority of attending BSC Members must be Shariah qualified members. For the avoidance of doubt, in the event that the number of BSC Members is 5, then three (3) Shariah-qualified members must attend to fulfil the two-third (2/3) requirement.

5.4.2 All resolution of the BSC shall be adopted by a simple majority vote, with each BSC Members having one (1) vote. In case of equality of votes, the Chairperson of the meeting shall have a second or casting vote in accordance with the CIMB Group's Constitution.

5.4.3 In the event the appointed Chairperson is unable to attend the meeting, the BSC Members present may elect one (1) of the BSC Members to be the Chairperson of the meeting. The alternate Chairperson shall be a Shariah qualified member.

5.4.4 A BSC Member is required to abstain from deliberations and voting in respect of any matter that arises, persists or may give rise to an actual, potential or perceived conflict of interest situation.

5.5. **Minutes of Meeting**

4.5.1. Minutes of meeting must clearly and accurately document decisions or advice of the BSC, including the key deliberations, rationale for each decision or advice made, and any significant concerns and dissenting views, and whether any BSC Member abstained or recused themselves from deliberations.

4.5.2. The minutes shall be signed by the Chairperson of the meeting at which the said proceedings were held and shall be kept by the Company Secretary of CIMB Islamic and Secretariat of BSC. Reproduction of any part of the minutes can only be performed through/by the Company Secretary of CIMB Islamic.

5.6. **Decision Making Process**

5.6.1 Decision of the BSC must be made on the basis of simple majority. For avoidance of doubt, the decision can be made by both Shariah qualified and Islamic finance expert members of the BSC.

5.6.2 In arriving at any decision, the BSC shall take into consideration the published rulings of the SAC of BNM and other regulatory authorities. In the event where the decision made by the BSC is different from the ruling of the SAC of BNM, the rulings of the SAC of BNM shall prevail. Nevertheless, the BSC is allowed to adopt more stringent Shariah decisions and rulings than those provided by the SAC of BNM.

5.6.3 In adopting the more stringent approach or BSC decides or advise to place additional restriction on the operations, business affairs, and activities of the CIMB Islamic and the Group in applying the SAC rulings, the BSC must ascertain the

Board's views on the matter and ensure immediate notification to BNM of such decision or advice.

5.6.4 Any BSC Member who is present at a meeting when a proposal is approved by the entire BSC is presumed to have agreed to the action unless the said BSC Member objects and votes against the approval and the reasoning for the objection is presented to other BSC Members.

5.7 **Decision Making Methodology**

5.7.1 BSC in making the decision is guided by the primary and secondary sources of Shariah. In addition to the SAC ruling by BNM and SC, the BSC must take into account relevant business and risk practices in arriving at a decision or advice

(a) Primary sources; Al-Quran and Hadith

(b) Secondary sources such as; Ijma, Qiyas, Masolih Mursalah, Istihsan, Maslahah, Istishab etc.

5.7.2 Institutionalisation of Shariah decision making methodology onto BSC by providing an access to all information required and ensure that the information provided is timely, accurate, comprehensive and clear, including but not limited to the following:

(a) Agenda for BSC meetings:

(i) Shariah concept or contract applicable;
(ii) Diagram or mechanism on how the product works;
(iii) Process flow (transactional and operational);
(iv) Process change;
(v) Product salient features;
(vi) Issues that have Shariah implication;
(vii) Identification of Shariah Non-Compliance ("SNC") risk; and
(viii) Relevant Shariah guideline.

(b) Shariah Opinion Paper by Shariah Advisory & Governance department as the Shariah Co-ordinator:

(i) Shariah Advisory & Governance Opinion on identified Shariah issues for deliberation; and
(ii) Argument or Fiqh adaptation (Takyif Fiqhi) in answering the Shariah issues with reference to the following and not limited to; Resolution by SAC BNM/SC, BNM Shariah Policy Documents, past resolution by BSC, Regulatory Islamic Policy Documents, Primary and Secondary sources, AAOIFI Standard, Relevant Fatwa by any recognised authoritative Islamic institution such as: Majelis Fatwa, Majma's Fiqh, Maqasid Shariah element and recommendation of BSC Resolution with Shariah Basis of Approval.

5.7.3 All official communication and correspondence regarding BSC resolution between the BSC and CIMB Group shall be in writing. The final BSC resolution will be published on the CIMB intranet for all CIMB Group's employee reference.

5.8 **Procedure for Issuing Opinion or Advice**

(a) If written opinion is requested by the Chairperson, each BSC Member shall provide his or her written opinion or advice to CIMB Group.
(b) BSC Members who did not attend a meeting which deliberated specific application of hajah and darurah must express his/her view or opinion in writing as to determine a simple majority decision.
(c) Disclosure by the BSC in the annual report on its responsibilities relating to Shariah governance and opinion on the state of CIMB Islamic's and the CIMB Group's compliance with Shariah

5.9 **Procedure for Issuance of Shariah Confirmation Letter or Shariah Approval or Shariah Pronouncement**

(a) Any issuance of a Shariah Confirmation Letter or Shariah Approval or Shariah Pronouncement by the Chairperson on behalf of the BSC or by any BSC Member nominated by the BSC, or under delegated authority from the Head of Shariah Advisory & Governance of CIMB Islamic for the purpose of submission to regulators or for internal governance process shall be made with adequate knowledge, based on the relevant information disclosed at the time of issuance. The BSC shall not be held responsible for any misleading or inaccurate information presented before the BSC, which may result in Shariah non-compliance.
(b) The issuance of Shariah Confirmation Letter or Shariah Approval or Shariah Pronouncement forms part of CIMB Islamic's role as the Shariah Adviser, with the BSC serving as the Board Committee delegated by the Board to assist on Shariah matters.

6. ROLE AND RESPONSIBILITIES OF THE BOARD SHARIAH COMMITTEE

6.1 The BSC is the decision-making body of CIMB Islamic in relation to Shariah related matters. The BSC takes full responsibility and is accountable for the quality, accuracy and soundness of its own decision or advice

6.2 In the event BSC has reason to believe that any Shariah issues or matter may affect the safety and soundness of CIMB Islamic or the CIMB Group, the BSC will immediately update the Board on such matter

6.3 Role and Responsibilities

The BSC shall assume the following five (5) principal responsibilities:

(a) Providing a decision or advice or Shariah resolution to CIMB Islamic and the CIMB Group in relation to:
   (i) the application of any rulings of the SAC of BNM or SC or standards on Shariah matters that are applicable to the operations, business, affairs and activities of CIMB Islamic and the CIMB Group;
   (ii) matters which require a reference to be made to the SAC of BNM or SC;
   (iii) the operations, business, affairs and activities of CIMB Islamic and CIMB Group which may trigger a Shariah non-compliance event;
   (iv) deliberation and affirming a Shariah non-compliance finding; and
   (v) approval of a rectification measures to address a Shariah non-compliance event.

Note: In the event where the SAC has not made any rulings on a particular matter or the BSC is not able to arrive at a decision or advice, CIMB must refer to the SAC for a ruling in accordance with BNM Manual Rujukan Institusi Kewangan Islam kepada Majlis Penasihat Syariah. Any requests for a ruling or advice shall be communicated through the Secretariat of the SAC of BNM.

(b) Ensure the disclosure on conduct of the CIMB Group's business must be in compliance with Shariah on: -
   (i) contracts, transactions and dealings entered by the CIMB Group during the financial year that were presented to BSC;
   (ii) the allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by BSC;
   (iii) earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes; and
   (iv) the computation, payment and distribution of Zakat for CIMB Islamic

(c) Approving Shariah related policy and procedure within the CIMB Group including but not limited to governing the following areas: -
   (i) Shariah Advisory and Board Shariah Committee Secretariat;
   (ii) Shariah Control Functions;
   (iii) Islamic Banking and Finance in general; and
   (iv) Any policy and procedure governing Islamic banking business as to reflect the implementation of Shariah ruling or Shariah requirements imposed by SAC, BSC or any other relevant Shariah authority.

(d) Promoting the Shariah Compliance Culture

Shariah compliance culture refers to the way in which CIMB Islamic instils and promotes the behaviour of compliance with Shariah in its aims and operations, business, affairs and activities. This includes adopting an appropriate 'tone from the top' to regularly communicate the importance of adherence to Shariah requirements and the integration of Shariah governance consideration in the business and risk strategies, internal policies and conduct of the CIMB Group.

CIMB Group in general should demonstrate that the Shariah governance arrangements are operating effectively and appropriate to the size, nature of business, complexity of activities and structure of CIMB Group. This can be evidenced by any initiatives in promoting a strong Shariah compliance risk culture within the CIMB Group. This is in line with the more active roles expected by the Board, BSC and senior management of CIMB Group.

(e) Interaction between the Board and BSC

The Board must have due regard to any decisions or advice of the BSC on any Shariah issues relating to the operations, business, affairs or activities of CIMB Group. This duty requires the Board to–

(i) give sufficient attention to the facts, rationale and basis for any decisions or advice of the BSC before arriving at its own decision;
(ii) give fair consideration to the implications of implementing any decisions or advice of the BSC;
(iii) put in place a conflict resolution mechanism to deal with any differences in views between the Board and the BSC; and
(iv) maintain a record of deliberations between the Board and the BSC in matters where differences in views exist, and its resolution.

The Board must take reasonable steps to ensure that the BSC is free from any undue influences that may hamper the BSC from exercising its professional objectivity and independence in deliberating issues brought before them. A regular engagement on best effort basis between the Board and BSC will be in the following forum:

(i) Joint Board and BSC meeting on periodic basis and as guided by the Guidance Note for Joint CIMB Islamic Board and BSC Meeting;
(ii) The Chairperson of BSC will attend the Board meeting on periodic basis to present the BSC meeting report; and
(iii) The BSC meeting report will be presented at the Board meeting which consist of proposals that have been approved by the BSC, including the basis of approval and notification of the BSC minutes of meeting. The Head of Shariah Advisory & Governance of CIMB Islamic will present the report.

6.4 Formal Schedule of Matters Reserved for the Board Shariah Committee

To ensure the Shariah matters are in the hands of BSC, the BSC adopt a formal schedule of matters reserved for the BSC's deliberation and decision.

The BSC Members shall have the powers to review the current policies of CIMB Islamic and CIMB Group and to defer or reject or overrule the management's decision in relation to Shariah matters in Islamic banking and finance business and activities. The BSC Members must exercise their powers in good faith and in the interests of CIMB Group as a whole. BSC Members must not abuse their powers. They must exercise their powers in what they honestly believe to be the interest of CIMB Group as a whole or the BSC Members as a whole rather than in the interests of a particular BSC Member or Members.

The following summarises the list of matters reserved for the BSC's deliberation and decision:

(a) CIMB Islamic AND CIMB Group Operations
- (i) Approval of Shariah policies and procedures of CIMB Islamic and CIMB Group in governing the business, affairs and activities of the Islamic banking and finance operation; and
- (ii) Approval of the Shariah governance framework such as Shariah policies and procedures and Shariah control functions including Shariah Research, Shariah Secretariat, Shariah Advisory, Shariah Compliance Review, Shariah Risk Management and Shariah Audit.

(b) BSC's opinion on the state of CIMB Islamic's and CIMB Group's compliance with Shariah on the following items:
- (i) Contracts, transactions and dealings entered into by CIMB Islamic and CIMB Group during the financial year end that were presented to the BSC were done in compliance with Shariah;
- (ii) The allocation of profit and charging of losses relating to investment accounts conformed to the basis that were approved by BSC in accordance with Shariah
- (iii) Earnings that were realised from sources or by means prohibited by Shariah have been considered for disposal to charitable causes; and
- (iv) The zakat calculation is in compliance with Shariah principles.

(c) Shariah Non-Compliance (SNC) incident management
- (i) Only BSC has the right to determine whether a potential SNC event is tantamount to Actual SNC or Non-SNC; and
- (ii) Rectification plan of SNC event must be approved by BSC.

(d) Others
   (i) Product development on the appropriate Shariah application or interpretation or adaptation (taqyif) of Shariah principle at the developmental stage of Islamic products or services;
   (ii) Provide Shariah basis of approval in every proposal submitted to BSC meeting
   (iii) Incorporation of Shariah requirements on the IT infra structure or during system implementation for Islamic banking and finance business; and
   (iv) Shariah requirements in governing the Islamic banking and finance business for CIMB Group in general.

7 ROLE OF CHAIRPERSON

7.1 The Chairperson carries out a leadership role in the conduct of the BSC and its relations with the Board, senior management of CIMB Group and other stakeholders.

7.2 The Chairperson is responsible for the effective functioning of the BSC. In fulfilling this role, the Chairperson of the BSC must–

(a) ensure BSC's deliberations and proceedings are properly governed by the existing procedures;
(b) act as a direct liaison between the Board and BSC to foster greater understanding between both organs;
(c) ensure that Shariah decisions or advice are made on a sound and well-informed basis, including based on a robust decision-making methodology which ensures that all business, operations and risk implications are considered by the BSC;
(d) encourage healthy discussion, participation and contribution, and ensure that dissenting views can be freely expressed and discussed; and
(e) ensure sufficient records of the discussion leading to formulation of the BSC's decision or advice are maintained.

7.3 To ensure balance of authority, increased accountability and a greater capacity for independent decision-making, the roles of Chairperson and other BSC Members are distinct and separate with a clear division of responsibilities between the Chairperson, the qualified Shariah BSC Members and non-Shariah qualified or Islamic Finance Expert BSC Members, so that no individual or group dominates the decision- making process.

7.4 The Chairperson must lead efforts to manage the BSC Member's developmental plans.

7.5 The Board shall assess the independence of BSC Members upon assessment and annually through a self-declaration process.

8 BOARD SHARIAH COMMITTEES' REMUNERATION

The Board has established a Remuneration Framework, which sets out the remuneration structure for BSC Members. The Remuneration Framework is designed to:

(a) reflect the increasing complexities of the duties, responsibilities, expectations and commitment as well as the work of the BSC Members, in line with the size and scope of CIMB Islamic's and CIMB Group's activities;

(b) attract the right talent at the regional and international level to serve the BSC and enhance efforts to engender BSC diversity; and

(c) safeguard the independence of the BSC Members and ensure the effective and efficient discharge of their fiduciary duties and responsibilities.

The BSC Remuneration Framework is subject to a periodic review by the Board through the GNRC.

9 BOARD SHARIAH COMMITTEE MEMBER TENURE LIMITS

9.1 The tenure of a BSC Member shall not be more than nine (9) years.

9.2 An existing Member of the BSC shall, during the service period, be entitled to resign from the BSC by giving ninety (90) days written notice in writing to the Chairperson of the Board stating the intention to resign, with copies thereof to Chairperson of BSC and Head of Shariah Advisory and Governance of CIMB Islamic.

10 POLICY ON EXTERNAL COMMITMENTS

10.1 The BSC Members must ensure that their judgment in arriving at a Shariah decision or advice is not affected by their other professional commitments. The BSC Members are required to manage their commitments effectively, observe professional objectivity and confidentiality in carrying out their duties.

10.2 BSC Members must not have competing time commitments that may impair his ability to discharge his duties effectively. In respect of multiple appointments, a BSC Member is required to manage his commitments effectively, observe professional objectivity and confidentiality in carrying out his duties.

11 ROLE AND DELEGATION TO MANAGEMENT

11.1 The BSC is responsible for the approval via Delegated Authority given to the following parties:

(a) The responsibility on Shariah matters is delegated to the Head of Shariah Advisory & Governance Department of CIMB Islamic and can be further sub-delegated to the Qualified Shariah Officer within the department and shall be governed by the approved parameters by the BSC as outlined in the Shariah Advisory and Board Shariah Committee Secretariat Policy & Procedures; and

(b) One or more BSC Members on Shariah specific matters which require attention and approval from the BSC. This includes the Potential Shariah Non-Compliant (PSNC) Committee where the establishment is for the purpose of deciding on PSNC events which will be presented to BSC for deliberation and confirmation whether such event is an Actual SNC or Non-SNC.

11.2 The BSC must remain fully accountable for the decisions and any ensuing implications arising from the delegated responsibility and should periodically review the performance of the functions delegated.

11.3 The decisions of the Head of Shariah Advisory & Governance Department of CIMB Islamic made under the Delegated Authority shall be submitted to the BSC for notification.

11.4 The BSC may rely on the information, disclosure, opinions or reports of the relevant personnel within CIMB Islamic, or professionals engaged by the management of CIMB Islamic.

11.5 The Head of the Shariah Advisory & Governance Department of CIMB Islamic who is designated as the Shariah Coordinator shall be responsible to administer Shariah issues surrounding the Islamic banking and finance activities of CIMB Islamic and CIMB Group and to act as the coordinator between the management of CIMB Islamic, CIMB Group and the BSC.

11.6 Duties and Responsibilities of the Shariah Coordinator

11.6.1 The Shariah Coordinator in collaboration with the BSC Members shall be responsible to be actively involved in deliberating Shariah issues presented before the BSC.

11.6.2 The following are the main duties of the Shariah Coordinator and form part of the Delegation of BSC to Management:

(a) To ensure that the Islamic banking business, activities, products and services of CIMB Group are always Shariah-compliant and to approve the following via Delegated Authority or in accordance with approved Shariah Guideline as stipulated in the Shariah Advisory & BSC Secretariat P&P:

(i) Terms and conditions contained in the proposal, form, contract, agreement or other legal documentation used in execution of the transactions; and

(ii) Product Manuals, marketing materials, sales illustrations and brochures used to describe the products.

(b) To provide written Shariah opinion in the following circumstances
  (i) Where CIMB Group refers to the SACs for advice; or
  (ii) Where CIMB Group submits application to BNM or SC for new product approval in accordance with the guidelines on product approval issued by BNM or SC.

(c) To assist the SACs on reference for advice made by CIMB Group. The assistance shall be in the form of explanation of the Shariah issues involved and the recommendations for a decision. It shall be supported by relevant Shariah jurisprudential literature from the established sources. Upon obtaining any advice from the SACs, the BSC Members shall ensure that all the SACs' decisions are properly implemented by CIMB Group.

(d) To oversee the Shariah issues on CIMB Group's business and activities which includes but not limited to investment banking, commercial banking, banca takaful, consumer banking, capital market, trustee business and etc.

(e) To be aware of the latest findings in Shariah research and regulatory changes affecting CIMB Group's business.

(f) To be well informed of the latest development of Islamic banking and finance business globally, the rulings made by the SACs and the changes in the latest Shariah research, Ijtihad, Fatwa or finding in their own areas of interest.

(g) To ensure that all Shariah Rulings, Approvals, Pronouncements, etc. are filed, recorded and safely kept either physically or digitally.

11.6.3 Information and Developments

CIMB Group will, from time to time, inform and advise the BSC on CIMB Group finance activities, policies, products and other developments generally.

11.6.4 Research and Proposals

Any research work or proposal submitted to BSC in a form of collaboration between Shariah Coordinator and BSC Member or between CIMB Islamic and any reputable institution must be of high academic standard. All such research work or proposals shall remain the property of CIMB Group or relevant publisher from the collaboration.

11.7 Senior Management

The CEO, in leading senior management, has primary responsibility over the day-to-day management of CIMB Islamic. This includes ensuring that the CIMB Islamic's operations, business, affairs and activities comply, at all times, with Shariah. In fulfilling this responsibility, the CEO and senior management must-

(a) establish a management structure and reporting arrangement that provides a clear scope of accountability between the business lines and the internal control functions that are involved in managing Shariah non-compliance risks, including the accountability of the senior officer leading a Shariah department or unit;
(b) implement effective Shariah governance policies, procedures and practices in accordance with the direction given by the Board;
(c) implement the rulings of the SAC and the decision or advice of the BSC with due regard by the Board;
(d) implement an effective communication policy that supports a sound understanding of Shariah matters across the CIMB Group;
(e) conduct regular assessment to evaluate the quality of operational support provided to the BSC and address any inadequacies arising thereof; and
(f) report to the Board and BSC on a timely basis any potential or actual Shariah non-compliance events.

Each Member of senior management of CIMB Islamic or CIMB Group must continuously develop and strengthen his knowledge and understanding on Islamic banking and finance, as well as keep abreast with developments that may impact Islamic banking and finance business.

12 AUTHORITY OF THE BOARD SHARIAH COMMITTEE AND ACCESS TO INFORMATION AND ADVICE

12.1 The BSC shall have the authority to:

(a) investigate any activity or matter within its BSC Charter;
(b) acquire resources required to perform its duties;
(c) have full and unrestricted access to anyone in CIMB Islamic and CIMB Group in order to conduct any investigation and to obtain any information necessary, including access to CIMB Islamic's and CIMB Group's auditors and consultants, relevant to the furtherance of the BSC's duties and responsibilities; and
(d) meet exclusively amongst themselves, whenever deemed necessary.

12.2 The BSC may also seek advice from third-party experts on any matter deliberated by the BSC, where necessary, at CIMB Islamic's or CIMB Group's expense, in consultation with the Chairperson, together with the Company Secretary of CIMB Islamic and Secretariat of BSC.

13 BOARD SHARIAH COMMITTEE PERFORMANCE

13.1 On an annual basis, the BSC, with the assistance of the GNRC, shall evaluate its own performance and the extent to which the BSC has met the requirements of its BSC Charter, including the assessment on the BSC as a whole, Chairperson and individual BSC Members (“BSC Effectiveness Assessment”). Reference shall be made to the GNRC’s TOR for specific details.

13.2 To ensure objectivity and rigour, the Board shall appoint an independent external party to conduct the BSC Effectiveness Assessment, in part or in full, at least once every three (3) years. The external party is required to report its findings to the Chairperson of the Board. Reference shall be made to the CIMB Group Annual Evaluation Manual.

14 BOARD SHARIAH COMMITTEE’S DEVELOPMENT

14.1 BSC Members must continuously develop a reasonable understanding of the businesses of the financial institutions within the CIMB Group as well as relevant market and regulatory developments. This must include a commitment to on-going education.

14.2 The Chairperson of the BSC must lead efforts to manage the BSC’s developmental plans.

14.3 CIMB Islamic will allocate sufficient resources including adequate budget for continuous development of skills and expertise of the BSC. BSC will be updated from time to time on the developmental plan based on structured learning (certificate based) or non-structured learning (course based or attendance at conference)

14.4 **Board Shariah Committee Onboarding Programme**

14.4.1 Newly appointed BSC Member shall attend the Induction Programme, designed to assist them in familiarising themselves with CIMB Islamic’s AND CIMB Group’s operations, governance structure, and the roles and responsibilities expected of them as a BSC Member.

14.4.2 BSC Member shall also attend and complete the mandatory training programmes if any as required by regulatory authorities upon their appointment to the BSC.

14.5 **Board Shariah Committee Members’ Development**

14.5.1 To ensure BSC Members remain well-informed about CIMB Islamic’s and CIMB Group’s business operations, as well as current market and regulatory developments, they are required to participate in relevant training programmes, workshops, or seminars. This on-going learning commitment ensures they possess the necessary knowledge and skills to effectively carry out their responsibilities.

14.5.2 The BSC shall ensure the development and implementation of BSC's Development Plan to support the continuous professional growth of its Members.

15 BOARD SHARIAH COMMITTEE CONDUCT

15.1 Conflict of Interest & Related Party Transactions

15.1.1 Malaysian laws and regulations contain several provisions outlining a BSC Members duties when faced with a conflict of interest. BSC Members are expected to refrain from engaging in any actions, holding positions, or maintaining interests that conflict with the interests of CIMB Islamic and CIMB Group or may reasonably be perceived as creating such a conflict.

15.1.2 Should there be an actual, potential or perceived conflict of interest between CIMB Islamic and CIMB Group or a related corporation and a BSC Member, or an associate of a BSC Member such as a spouse or other family members, the BSC Member involved shall make full disclosure and act honestly in the best interest of the CIMB Islamic and the CIMB Group.

15.1.3 An existing or proposed transaction or arrangement will be considered "material" if it is one which a BSC Member is required to declare, unless the BSC Member or any person linked to him cannot reasonably be expected to derive a benefit or suffer a detriment from the transaction or arrangement in a way that will place the BSC Member in a position of conflict.

15.1.4 Any interested BSC Member must make disclosure by way of writing a notice to all BSC Members and the Secretariat of BSC-

(a) as soon as practicable after being aware of their interest in the material transaction or arrangement; and

(b) if the material transaction or arrangement is being deliberated at a BSC meeting, before the commencement of that deliberation.

15.1.5 The Secretariat of BSC shall facilitate the BSC's annual Independence and Conflict of Interest Declarations, which allow the BSC Members to perform an annual self-declaration) and conflict of interest. This exercise may constitute part of the BSC Effectiveness Assessment.

15.1.6 In alignment with CIMB Islamic's and CIMB Group's commitment to upholding the highest standards of governance and ethical conduct, all BSC Members shall, prior to the commencement of any BSC meeting, declare any actual or potential conflicts of interest in relation to the matters listed on the meeting agenda. This declaration serves to promote transparency, ensure adherence to corporate governance principles, and support fair and impartial deliberations and decision-making by the BSC.

15.2 **Code of Conduct**

15.2.1 The BSC affirms its commitment, along with that of its BSC Members, to uphold ethical, lawful, and business-like conduct, including the responsible exercise of authority and appropriate decorum in their roles.

15.2.2 Accordingly, all BSC Members shall adhere to the ethical principles and standards of behaviour outlined in the Code of Conduct for BSC, which shall be read in conjunction with the BSC Charter, and any other applicable governance documentation approved by the Board, setting out standards of ethical conduct and behaviour.

16 SECRETARIAT TO BOARD SHARIAH COMMITTEE

16.1 The secretariat has the responsibility to plan and coordinate BSC meetings in a manner that promotes sound decision-making by the BSC.

16.2 Among other roles and responsibilities of Secretariat to the BSC as follows:

(a) Coordinating communications and disseminating information among the BSC Members and the senior management of CIMB Group;
(b) Performing in-depth research and studies on Shariah issues;
(c) Providing day-to-day advice to relevant parties within CIMB Group on Shariah matters based on the rulings of the SAC and decisions or advice of the BSC;
(d) Ensuring proper dissemination of decisions or advice of the BSC in CIMB Group; and
(e) Undertaking administrative and secretarial functions to support the BSC.

Note: The role of secretariat of the BSC is led by Shariah Advisory & Governance department and supported by Group Company Secretarial, where relevant.

17 INTERNAL REFERENCE DOCUMENTS

17.1 In discharging its duties, the BSC may refer to and rely on the CIMB Islamic's and CIMB Group's internal governance ecosystem, which includes, but is not limited to, internal frameworks, policies and procedures, TORs and other guidance documents.

17.2 These references are to be read in conjunction with this BSC Charter and are subject to periodic review to ensure alignment with regulatory expectations and best practices.

18 APPLICATION AND CHARTER REVIEW

18.1 The BSC is committed to consistently uphold the principles and practices set out in this BSC Charter, and it shall be implemented with consideration for their intent and overarching principles, rather than relying solely on literal interpretation.

18.2 This BSC Charter shall be reviewed periodically to ensure it remains relevant and applicable.