



بنك دبي الإسلامي
Dubai Islamic Bank

CHARITY POLICY

DUBAI ISLAMIC BANK PAKISTAN

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1. Introduction

- 1.1 This Charity Policy, in line with the policy of total compliance of Dubai Islamic Bank Pakistan Limited ("Bank") with the principles of Islamic Banking, is to lay down a mechanism for the complete segregation of all its income declared by its Head of Shari'ah/Shari'ah Board as Shari'ah repugnant and penalties imposed by the Bank ("Segregated Amounts") from its *halal* income and the management and disbursement of such Segregated Amounts for the exclusive purposes of charity and philanthropy. In Line with the norms practiced by Islamic Banks, once any income of the Bank is declared to be Shari'ah repugnant by the Head of Shari'ah/Shari'ah Board, it no longer remains the income of the Bank and as such the Bank has no right, title or interest to it. Similarly, the late payment donations/penalties collected by the Bank from its Customers who delay payment of their installments for various banking facilities do not form part of the income of the Bank and thus the Bank cannot claim any right, title to or interest in the same.
- 1.2 The Segregated Amounts not being the income of the Bank, their disbursement for charitable or philanthropic purposes cannot be deemed to be donation or contribution made by the Bank and the rules and regulations governing such donations or contributions undertaken from the income of the Bank are to be dealt with in accordance with a separate and distinct Corporate Charity Policy.

Keeping in with the highest ethical standards, neither the Bank nor its officers or staff to gain any direct or indirect benefit from the disbursement of the Segregated Amounts for charitable or philanthropic purposes. Bank cannot in any way use the fund of charity to market its Corporate Social Responsibility (CSR) activities, there should not be any link between Banks' CSR activity and charity funds.

2. Reasons for the Policy

- 2.1. This Charity Policy prescribes the framework governing the management, reporting requirements and disbursement of all Segregated Amounts for the charitable and philanthropic purposes. The management relating provisions include (i) Establishment of the Charity Fund Account, (ii) Collection of Deposit of the Segregated Account and (iii) Charity Committee, its establishment, composition, responsibilities and meetings.

3. Custody and Access

This Policy shall remain in the permanent custody of the Shari'ah Department and shall be renewed on as and when basis.

4. Establishment of the Charity Fund Account

- 4.1 A Remunerative account entitled the "Charity Fund Account" will be established at the Bank. All Segregated Amounts shall be routed directly into the Charity Fund Account. The amounts lying to the credit of the Charity Fund Account shall be used for disbursement in the manner contemplated by the Charity Policy and in accordance with the decisions of the Charity Committee (as hereinafter defined). The Disbursement of

the Charity Fund will be executed after the jointly signature of the Chairman of the Charity Committee and one other Member of the Charity Committee.

5. Collection and Deposit of Segregated Accounts into the Charity Fund Account

5.1 The Bank wishes to ensure and guarantee halal earnings for all the stakeholders including depositors and the shareholders of the Bank. Departments who are authorized to record the charities in relevant GL based on the nature of Charity, are responsible to ensure compliance of the below points and shall ensure reconciliation of Charity fund GLs at all times. Segregated Amounts are to be collected and deposited into the Charity Fund Account as follows:

- (a) As and when amounts are collected by the Bank as late payment charges and penalties under the various facilities granted by the Bank to its Customers (howsoever described in the related facility agreements and documents), the same shall be deposited directly in the Charity Fund Account.
- (b) Any other amounts or income designated by the Head of Shari'ah or Shari'ah Board of the Bank as being Shari'ah repugnant shall also be deposited into the Charity Fund Account with immediate effect.
- (c) Shari'ah Repugnant income identifies through a Shari'ah audit/review carried out by the Shari'ah Department of the Bank and confirmed by the Head of Shari'ah /Shari'ah Board as such shall be deposited in the Charity Fund Account. For the avoidance of doubt it is clarified that the Head of Shari'ah/Shari'ah Board may declare any income to be Shari'ah repugnant; whether the Bank intentionally entered into a Shari'ah repugnant transaction or under a Shari'ah compliant transaction becoming void due to the misunderstanding of the executing officers who had acted in good faith;
- (d) The Head of Shari'ah /Shari'ah Board shall review audit reports and issue orders for the segregation of the Shari'ah repugnant income from the income of the Bank;
- (e) The Head of Shari'ah /Shari'ah Board, in its discretion, may segregate the income of any Shari'ah compliant transaction which may become Shari'ah repugnant due to procedural/operational mistakes on the part of executing officers.

6. Charity Committee, its Establishment, Composition, Powers and Responsibilities

6.1 A committee, to be called the Charity Committee, shall be established for the administration and management of the matters related, inter alia, with the disbursement of charity amount collected and deposited in the Charity Account.

6.2 The Charity Committee shall consist of a Chairman and two Members. The Head of Shari'ah of the Bank shall be the Chairman while remaining two Members shall be the following:

- (a) Member CFO
- (b) Member COO

6.3 The Financial Controller shall act as a Secretary of the Charity Committee.

6.4 The Charity Committee shall be responsible for the following:

- (a) Setting out the detailed criteria for the selection of the recipient individuals and organizations to be eligible for the disbursement of amounts from the Charity Fund Account in light of the guidance set out in clause 8 hereunder;
- (b) Ensuring the selected recipient individuals and organizations do not infringe the guidelines set out in clause 8 hereunder;
- (c) Ensuring the disbursements from the Charity Fund Account do not in any manner result in any direct or indirect benefits to the Bank, persons directly or indirectly connected with the bank, their spouses, dependents and minor children.
- (d) Ensuring amount available in Charity Fund shall be substantially utilized by the Bank within the same accounting year in which it is accrued or in subsequent year.
- (e) Ensuring that bank does not advertise/or market its charity/philanthropic activities.

6.5 The Charity Committee may take all the steps that are reasonable and necessary for adequate protection of the Charity Fund Account.

6.6 The Charity Committee shall not be allowed to charge anything or receive any monetary gain in any way for performing duties under this Charity Policy.

6.7 The Cost of the maintenance of the Charity Fund Account, sparing staff and space for the functioning of the Charity Committee, conducting its meeting and carrying out its operations, record keeping and all costs and expenses incidental thereto shall be exclusively borne by the Bank from its own sources and such expenses shall not be deducted in any manner from the Charity Fund Account.

7. The Meetings of the Charity Committee

7.1 The Charity Committee shall meet twice in a financial year. First meeting shall be conducted before half year end and the second shall be conducted before year end.

7.2 The Chairman may call a meeting as and when deemed necessary. A meeting may also be called by the Secretary with the consent of one member.

7.3 The Chairman shall preside over the meetings and the quorum for the meetings will be 2(two) Members i.e. the Chairman and one Member.

7.4 All decisions of the Charity Committee shall be taken by the majority in the duly convened meetings provided that the Chairman is part of that majority decision. In case it is not possible to convene a meeting, decision by the Committee can be taken in writing by circulation to all the Members and signatures of the Chairman and at least one Member.

7.5 A meeting may be attended by the senior executives of the Bank upon invitation by the Members as considered appropriate;

- 7.6 Proper record of the agenda items and the minutes of the meetings shall be maintained by the Secretary.
- 7.7 Proper record of the agenda items and the minutes of the meetings shall be maintained by the Secretary. It shall be the duty of the Secretary to keep the Charity Committee informed on each meeting about the status of the Charity Fund Account and disbursement during the previous six months.

8. Reporting Requirements

- 7.1 The Secretary shall cause to be prepared an Annual Report of the operation of the Charity Fund Account for each financial year, which shall include information regarding all inflows and outflows from the Charity Fund Account, verified list along with names and addresses of all the recipients and organizations as per the regulatory requirements for disclosure. The report shall be laid before the Shari'ah Board of the Bank for its approval no later than three months after the close of a financial year. Bank shall maintain proper accounts and records regarding all transactions relating to Charity Fund and disclosure in annual Financial Statements by disclosing the sources (categories) and its utilization (names of individuals / organizations).

9. Disbursements and selection criteria

- 9.1 Recipients of disbursements can either be individuals or organizations. The purpose of the disbursements shall be either charitable or philanthropic. Charitable purposes include relief for some immediate need of an individual or organization providing relief to individuals in respect of food, shelter or money. Philanthropic purposes include broader and long term projects such as those for provision of education or health facilities for the poor and downtrodden and advancement of any other object of general public utility.
- 9.2 For a recipient to be entitled to become a recipient of any disbursements from the Charity Fund Account, it shall have to show the urgent need for money for food, shelter, medical treatment or education and shall send proposal to the office of the Secretary of the Charity Committee and it is on the discretion of Charity committee to disburse funds to the recipient if it may feel that there is an urgent requirement of funds.
- 9.3 For organizations to become entitled to be a recipient of disbursement from the Charity Fund Account, it shall have to prove its track record of charitable or philanthropic activities in the past, the method of utilization of disbursements (if it is successful in getting some disbursements from the Charity Fund Account). Its reputation and credibility and the impact on the welfare of the society of its utilization of any disbursements from the Charity Fund. All organization shall have to apply by submitting the proposal to the office of the Secretary of the Charity Committee;
- 9.4 To scrutinize the proposals submitted by organization as mentioned in above clause 9.3, there will be a due diligence committee comprise of the following :

Head Shari'ah Compliance Department	: Fawad Azim Chashmawala
Head of marketing	: Shahzad Abdul Samad
Financial controller	: Syed Muhammad Asim Shamim

These members will jointly evaluate the proposals submitted by organization and will update the charity committee accordingly.

- 9.5 The Charity Committee shall ensure, on a best effort basis, that only such individuals are disbursed any amount from the Charity Fund who are even otherwise eligible to receive zakat or needy.
- 9.6 Only Shari'ah Compliant charities and philanthropic organizations run by people of good repute and character are eligible for becoming recipient organizations.
- 9.7 Prior to making any disbursements to any individual or organization, the Charity Committee shall ensure that such individual or organization or persons associated with such individual or organization are not engaged in any un-Islamic activity in any other business or enterprise.
- 9.8 During emergency situations, natural disasters and calamities such a cyclones, floods, tsunamis or earthquakes adversely affecting and endangering human life and property where immediate aid is needed to save human lives and property, the Charity Committee shall have the power to allow disbursements without fulfilling the procedure of filling in and submission of applications and subsequent approvals but only after satisfying itself as to the genuineness of the recipient individuals or organizations.
- 9.9 To exclude the possibility of any conflict of interest, the Charity Committee shall at all times ensure that the Bank, its employees and family members and dependents of the Bank's employees do not receive any direct or indirect benefit from any disbursement from the Charity Fund Account for charitable or philanthropic purposes. Similarly, no advertising benefits from the Charity Fund Account are allowed for the Bank.