

POLICY DOCUMENT

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# Bayt al-Mamun

## Shariah-Mandated Penalty Pool Deployment Policy

*A longitudinal scholarship programme for the education and lifelong association of Omani orphan scholars, funded by the discharge of Shariah-mandated penalty proceeds and certified by Ihkam Advisors.*

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Document	<b>Bayt al-Mamun — Shariah-Mandated Penalty Pool Deployment Policy</b>
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Issued by	Mamun
Certifying authority	Ihkam Advisors — Othman Al Duwaiki, CSAA
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## Preamble

Bayt al-Mamun is a longitudinal scholarship programme founded by Mamun for the education and lifelong association of Omani orphan scholars. The programme is funded by the discharge of Mamun's Shariah-mandated late payment penalty proceeds (gharamah ta'akhuriyah), which under Mamun's governance framework cannot be recognised as platform income and must be ring-fenced for charitable purpose.

This Policy governs both the institutional architecture of the programme — its cohorts, milestones, and lifelong association — and the operational treatment of the proceeds that fund it, including their crystallisation, segregation, certification, and deployment.

This Policy is issued by Mamun and has been certified by the Shariah Board of Ihkam Advisors, Mamun's appointed independent Shariah and Islamic finance advisory firm, in the form of a certified Shariah Resolution (qarar shar'i mu'tamad) signed by Othman Al Duwaiki (Shariah Board Member and CEO of Ihkam Advisors) and Ahmed Al Gharbi (Shariah Advisor and Shariah Board Member). The certified Resolution is reproduced in Mamun's public communication channels and is incorporated by reference into this Policy.

This Policy is structured to be public-facing in its entirety. It serves as both the internal operational policy of Mamun and the foundational disclosure document of the Bayt al-Mamun programme.

## Part I — Authority and Scope

### 1. Authority

- 1.1 This Policy is issued under the authority of the Board of Directors of Mamun, on the recommendation of the Chief Executive Officer and the Compliance function, and pursuant to Mamun's licence obligations under the Financial Services Authority of the Sultanate of Oman.
- 1.2 This Policy has been certified by the Shariah Board of Ihkam Advisors under a Shariah Resolution (qarar shar'i mu'tamad) issued in 2026, signed by Othman Al Duwaiki (Shariah Board Member and CEO) and Ahmed Al Gharbi (Shariah Advisor and Shariah Board Member). Operation of the Bayt al-Mamun programme is governed by this Policy as aligned to the certified Resolution.
- 1.3 Where this Policy conflicts with any certified Shariah resolution subsequently issued by Ihkam Advisors, the certified resolution prevails. Mamun shall update this Policy to align with such resolution within a reasonable period.

### 2. Scope

- 2.1 This Policy applies to all late payment penalty proceeds collected from counterparties under Mamun's trade finance contracts, including but not limited to Murabaha, Wakala, and other Shariah-compliant financing structures operated by Mamun.

- 2.2** This Policy does not apply to other categories of charitable deployment Mamun may undertake from time to time, including voluntary corporate social responsibility contributions, employee donations, or sponsorship engagements. Such other categories are governed separately and are not Shariah-mandated.
- 2.3** This Policy establishes the Bayt al-Mamun programme as the primary channel through which Mamun deploys gharamah ta'akhuriyah proceeds. Where exceptional operational, jurisdictional, or beneficiary-specific circumstances make deployment through Bayt al-Mamun impractical or inappropriate, Mamun may, with the prior written approval of the Certifying Authority, deploy proceeds to alternative licensed charitable destinations consistent with the contractual provisions referenced in clause 6.1A and the jurisprudential principles set out in Part II of this Policy.

### 3. Definitions

- 3.1** “Gharamah ta'akhuriyah” means the late payment penalty stipulated in Mamun’s trade finance contracts, payable by a defaulting counterparty in accordance with the contract’s Shariah-compliant penalty clause.
- 3.2** “Amanah” means the trust character of the proceeds. Gharamah ta'akhuriyah proceeds are held by Mamun in trust (amanah) for charitable purpose. They are not the property of Mamun and may not be recognised as Mamun income.
- 3.3** “Pool” means the aggregate of gharamah ta'akhuriyah proceeds held by Mamun pending deployment, as recorded in the designated charity account.
- 3.4** “Cycle” means a single annual deployment of the Pool to the Bayt al-Mamun programme, certified by Ihkam Advisors.
- 3.5** “Certifying Authority” means the Shariah Board of Ihkam Advisors, acting through its members including Othman Al Duwaiki (CSAA, AAOIFI — Shariah Board Member and Chief Executive Officer of Ihkam Advisors) and Ahmed Al Gharbi (Shariah Advisor and Shariah Board Member), or such other Shariah Board members as Ihkam Advisors may designate with Mamun’s consent.
- 3.6** “Beneficiary Institution” means a charitable or welfare institution licensed under Omani law to receive charitable funds, selected by Mamun on the recommendation of the Certifying Authority, to receive and administer the deployment for the benefit of the Scholars. Licensing under Omani law shall be understood to mean licensing by the Ministry of Social Development, the Authority for Endowments and Religious Affairs (Hay’at al-Awqaf wal-Shu’un al-Diniyya), or such other competent Omani authority as may regulate the institution’s activity.
- 3.7** “Scholar” means an individual orphan child or young person admitted to the Bayt al-Mamun programme through the Beneficiary Institution.

## Part II — Shariah Foundation

### 4. Jurisprudential Basis

- 4.1 Mamun operates as a Shariah-compliant trade finance platform. Late payment penalties collected from defaulting counterparties cannot be recognised as Mamun income, on the basis that such recognition would constitute *riba al-nasi'ah* (interest accruing from the deferral of debt), which is forbidden under Shariah.
- 4.2 This Policy is grounded in the following AAOIFI Shariah Standards:
- 4.3 The charitable destination of *gharamah ta'akhuriyah* proceeds falls within the recognised categories of recipients enumerated in Surah Al-Tawbah (9:60), with particular reference to the categories of the needy (*al-masakin*) and those in the path of God (*fi sabilillah*), the latter of which is interpreted to include orphan education and analogous custodial welfare programmes.
- 4.4 The Policy operates within the Omani regulatory framework for Islamic finance and charitable deployment, including:
- 4.5 Mamun acknowledges the distinctive jurisprudential context of the Sultanate of Oman, including the Ibadi scholarly tradition and the role of the High Shariah Supervisory Authority of the Central Bank of Oman as the apex Omani authority on matters of Islamic finance jurisprudence. The Policy is drafted to be consistent with this context and respectful of its particularity, while operating under the AAOIFI baseline that Omani regulation adopts. Where Omani jurisprudential or regulatory guidance is more conservative than the AAOIFI baseline, the more conservative position shall prevail.

## 5. Trust Character of the Funds

- 5.1 *Gharamah ta'akhuriyah* proceeds are held by Mamun as *amanah* from the moment of crystallisation. Mamun acts as custodian, not as owner.
- 5.2 Mamun has no discretion to convert such proceeds to income, distribute them to investors, or apply them to operating expenses.
- 5.3 Mamun has no discretion to retain such proceeds beyond the period reasonably required to administer their deployment in accordance with this Policy.
- 5.4 The use of the verb “deploy”, rather than “donate”, throughout this Policy and in all related public communication, reflects the trust character of the funds. Mamun does not donate proceeds it does not own; it discharges a trust obligation by deploying them to the Beneficiary.
- 5.5 Mamun acknowledges that its trade finance contracts, including its Campaign Agreement, Investment Agreement (*Murabaha*), and *Wakalah bil Istithmar* Agreement templates, refer to *gharamah ta'akhuriyah* proceeds as being “donated to charitable institutions or associations”. This Policy interprets that contractual language in its operational sense — namely, as the transfer of penalty proceeds to a charitable purpose — and confirms that the more jurisprudentially accurate characterisation is the deployment of trust-held *amanah*, as set out herein. The Certifying Authority’s resolution may formally affirm this interpretation as part of its certification.

## Part III — Crystallisation, Segregation, and Pool Management

### 6. Crystallisation

- 6.1** A gharamah ta'akhuriyah obligation crystallises when a counterparty's scheduled payment under a Mamun trade finance contract becomes overdue in accordance with the contract's late payment provisions.
- 6.1A** The contractual basis for gharamah ta'akhuriyah accrual is set out in Mamun's standard contract templates, including without limitation: clause 9.7 of the Campaign Agreement, clause 6.5 of the Investment Agreement (Murabaha), and clause 16.4 of the Wakalah bil Istithmar Agreement. These provisions establish a compounded late payment fee of 2% per week of the due value, accruing from the sixth (6th) day following the payment due date, and confirm that such proceeds are designated for charitable purpose ab initio and are not Mamun income.
- 6.2** From the moment of crystallisation, the obligation accrues to the Pool, not to Mamun. Mamun's financial records shall reflect the crystallised amount as a liability owed to the Pool, not as income.
- 6.3** Where a crystallised obligation is subsequently settled by the counterparty, the settled amount is transferred to the Pool. Where such an obligation is not settled, it remains a receivable of the Pool; Mamun may pursue recovery on the Pool's behalf in accordance with its collections policy and Shariah-compliant recovery practices.

### 7. Segregation

- 7.1** Mamun shall maintain a designated charity account (hisab al-tabarru'at), operationally and accounting-wise separate from its general operating accounts, in which all gharamah ta'akhuriyah proceeds are held.
- 7.2** The designated charity account shall be reconciled monthly by the Head of Finance and reviewed quarterly by the Compliance function. Any commingling, error, or anomaly shall be reported promptly to the Certifying Authority for opinion.
- 7.3** No fees, charges, or deductions of any kind shall be levied against the Pool by Mamun. The Pool is held in full and deployed in full.

### 8. Pool Management

- 8.1** The Pool shall not be invested, lent, or deployed in any income-generating activity pending its deployment to the Beneficiary Institution. The Pool earns no return; it is held intact.
- 8.2** Where required by operational considerations, the Pool may be held with a licensed Omani bank in a current account paying no return. Any incidental bank fees applicable to such account shall be borne by Mamun and not deducted from the Pool.

- 8.3** The Pool shall be reviewed at the end of each financial year of Mamun, at which point its balance is fixed for the purposes of that year’s Cycle.

## Part IV — The Bayt al-Mamun Programme

### 9. Establishment of the Programme

- 9.1** Bayt al-Mamun is hereby established as a longitudinal scholarship programme for the education and lifelong association of Omani orphan scholars. The programme is funded by Mamun’s discharge of gharamah ta’akhuriyah proceeds under this Policy, and named for the platform that founds it and for the broader Islamic tradition of institutional custodianship of human capital.
- 9.2** Bayt al-Mamun is operated by Mamun and certified by the Certifying Authority.
- 9.3** Bayt al-Mamun is a programme of Mamun. It is not a separate legal entity, charitable foundation, or licensed institution. Mamun remains responsible for the proper conduct of the programme.

### 10. Cohort Model

- 10.1** Bayt al-Mamun admits Scholars in annual cohorts, each named by year of admission (e.g. Cohort 2026, Cohort 2027). The size of each cohort scales with the Pool available for deployment in that Cycle and the per-Scholar sponsorship cost agreed with the Beneficiary Institution.
- 10.2** Each Scholar admitted occupies a “seat” in Bayt al-Mamun. A seat is funded annually for the duration of the Scholar’s eligible educational journey, subject to continued enrolment and the standards of the Beneficiary Institution.
- 10.3** Members of the programme are referred to as Scholars in all internal and external communication. The terminology reflects the programme’s orientation toward educational trajectory rather than circumstance of origin.

### 11. Milestone Framework

- 11.1** Four life-stage milestones shall be tracked for each Scholar across the duration of their journey:
- 11.2** Milestone records are maintained by the Beneficiary Institution in coordination with Mamun. Such records are confidential to the Scholar, the Beneficiary Institution, and the programme’s governance function.
- 11.3** Aggregate, anonymised milestone progression is reported publicly by Mamun in the annual Cycle report. No individual Scholar shall be identified or made the subject of identifiable disclosure in any public communication.

### 12. Lifelong Association

- 12.1** Upon completion of Milestone IV (Arrival), a Scholar’s formal sponsorship under Bayt al-Mamun concludes. The Scholar’s lifelong association with the programme begins, on a wholly voluntary basis and at the Scholar’s sole discretion.
- 12.2** The lifelong association imposes no obligation on the Scholar, financial or otherwise. Bayt al-Mamun does not solicit repayment, future contribution, or service from any Scholar at any stage of life. This principle is material to the Shariah character of the programme.
- 12.3** Alumni Scholars who, of their own initiative, engage Mamun’s commercial products in adult life shall do so on standard commercial terms applicable to all platform counterparties. No preferential terms, discounts, or implicit benefits shall be extended to alumni on the basis of their prior status as Scholars. Any such preferential treatment would compromise the Shariah character of the original deployment.

## **Part V — Disbursement Governance**

### **13. Cycle Process**

- 13.1** Each annual Cycle shall proceed through the following stages:

### **14. Disbursement Mechanism**

- 14.1** Disbursement from the designated charity account to the Beneficiary Institution shall be effected by direct bank transfer to the Beneficiary Institution’s official account, against a signed receipt acknowledging the amount, the purpose, and the certifying opinion under which the disbursement is made.
- 14.2** No portion of the disbursement shall pass through any intermediary account, third-party wallet, or personal account of any individual, including any officer or representative of Mamun or the Beneficiary Institution. Disbursement shall be made directly to the Beneficiary Institution’s official account at a licensed Omani bank, and no funds shall be deployed to any unlicensed entity or to any institution that has not been verified under clause 15.1A.
- 14.3** Each disbursement from the Pool requires the prior written approval of the Shariah Board of Ihkam Advisors. Mamun shall submit, in advance of each disbursement, a Disbursement Approval Memo containing the disbursement amount, the identity and verified licensing status of the Beneficiary Institution, the cohort details, the conflict-of-interest verification under clause 20, and such other information as the Shariah Board may require. The Shariah Board shall record its approval in writing. No disbursement shall proceed without such approval. This mechanism replaces the witnessing protocol previously contemplated and reflects the certified Shariah Resolution of Ihkam Advisors dated June 2026.
- 14.4** All disbursement records, including transfer confirmations, receipts, and witnessing attestations, shall be retained by Mamun in a dedicated disbursement file and made available to the Certifying

Authority on request, and to investors and regulators in accordance with applicable disclosure standards.

## 15. Beneficiary Institution Selection and Verification

- 15.1** The Beneficiary Institution shall be a charitable or welfare institution licensed under Omani law to receive charitable funds, providing custodial education or welfare services to orphan children, and recognised by the relevant Omani licensing authority as defined in clause 3.6.
- 15.1A** Verification of the Beneficiary Institution’s licensing status is a condition precedent to each Cycle’s deployment. Mamun shall obtain, prior to each disbursement, current evidence of the Beneficiary Institution’s active licence under Omani law, and shall furnish such evidence to the Certifying Authority as part of the Cycle’s certification documentation. Deployment shall not proceed without confirmed and documented licensing.
- 15.2** Selection of the Beneficiary Institution shall be made by Mamun on the recommendation, where appropriate, of the Certifying Authority. Mamun may, at its discretion, take soundings from trusted Omani social-sector advisors in arriving at its selection.
- 15.3** The selected Beneficiary Institution shall enter into a written undertaking with Mamun specifying the application of deployed funds, the standards of care to be applied to the Scholars, and the milestone reporting cadence to be observed. The form of such undertaking shall be approved by the Certifying Authority.

## Part VI — Disclosure and Communication

### 16. Public-Facing Communication Standards

- 16.1** All public-facing communication regarding the Pool, the Cycle, and the Bayt al-Mamun programme shall adhere to the following standards.
- 16.2** Mamun shall be described as the custodian of the Pool, not its donor or benefactor. The funds are described as deployed, not donated. Mamun does not own the funds it deploys; the language of public communication shall reflect this.
- 16.3** Public communication shall refer to gharamah ta’akhuriyah proceeds in their proper Shariah character and shall, where appropriate, cite the relevant AAOIFI Shariah Standards by number.
- 16.4** Communication referring to the Certifying Authority shall use the formulation “Ihkam Advisors — Othman Al Duwaiki, CSAA” in formal contexts, or “Ihkam Advisors” in general contexts. The credential shall not be omitted from formal contexts including regulatory filings, investor materials, and the annual Cycle report.
- 16.5** Scholars shall not be named, photographed identifiably, or made the subject of biographical disclosure in any public communication. This standard applies absolutely and is not subject to consent waivers from individual Scholars, their guardians, or the Beneficiary Institution. The

standard reflects both the classical Shariah preference for concealed sadaqah (sadaqat al-sirr) and the dignity principles of the programme.

## 17. Annual Cycle Report

- 17.1 Mamun shall publish an annual Cycle report following the completion of each Cycle. The report shall contain, at minimum:
- 17.2 The annual Cycle report shall be submitted formally to the Shariah Board of Ihkam Advisors, in accordance with the certified Shariah Resolution. The report shall additionally be made available to investors on Mamun’s platform, to regulators on request, and to the public via Mamun’s communication channels.

## Part VII — Governance

### 18. Responsibility

- 18.1 Operational responsibility for this Policy and the Bayt al-Mamun programme is vested in the Chief Executive Officer of Mamun, supported by the following internal functions:
- 18.2 The Board of Directors of Mamun retains ultimate authority over this Policy and the programme.

### 19. Certifying Authority Relationship

- 19.1 The Certifying Authority is independent of Mamun. Its mandate is to certify Mamun’s compliance with the Shariah principles set out in this Policy. It does not direct Mamun’s operations, select beneficiaries, or hold programme funds.
- 19.2 Mamun shall furnish the Certifying Authority with full and prompt access to all documentation reasonably required for the discharge of its certification mandate.
- 19.3 Any Shariah question arising in the operation of the Pool or the programme that is not addressed by this Policy shall be referred to the Certifying Authority for opinion before action is taken.

### 20. Conflicts of Interest

- 20.1 No officer, director, employee, shareholder, or related party of Mamun shall be eligible for admission to Bayt al-Mamun as a Scholar.
- 20.2 No officer, director, employee, shareholder, or related party of Mamun shall hold any position of financial benefit at, or have any commercial relationship with, the Beneficiary Institution.
- 20.3 No officer, director, employee, shareholder, or related party of Mamun shall receive any direct or indirect benefit from the Pool, its administration, or its deployment.
- 20.4 Pursuant to the certified Shariah Resolution of Ihkam Advisors, Mamun shall ensure that there is no direct or indirect relationship between the ultimate beneficiary of the Pool and any investor registered on the Mamun platform. “Relationship” for this purpose includes, without limitation:

familial relationship between a Scholar and an investor; ownership, control, governance, or material commercial relationship between an investor and the Beneficiary Institution; or any other connection that would compromise the principle of sadaqat al-sirr (concealed charity) or create an appearance that Pool funds circle back to benefit investors directly or indirectly.

- 20.5** Verification of the conditions in clauses 20.1 to 20.4 is a condition precedent to each disbursement and shall be documented in the Disbursement Approval Memo submitted to the Shariah Board under clause 14.3.

## Part VIII — Review and Amendment

### 21. Periodic Review

- 21.1** This Policy shall be reviewed at minimum annually, immediately following the close of each Cycle, by the Chief Executive Officer in consultation with the Compliance function and the Certifying Authority.
- 21.2** The Policy shall additionally be reviewed in the event of any material change to AAOIFI Shariah Standards relevant to gharamah ta'akhuriyah, any material change in Mamun's licence conditions, or any matter raised by the Certifying Authority requiring re-examination.

### 22. Amendment

- 22.1** Amendments to this Policy shall be proposed by the Chief Executive Officer, reviewed by the Compliance function and the Certifying Authority, and approved by the Board of Directors of Mamun.
- 22.2** Material amendments shall be re-certified by the Certifying Authority before taking effect.
- 22.3** Amendments shall not have retrospective effect on Cycles already completed.

## Closing

This Policy is the foundational governance document of the Bayt al-Mamun programme. It is issued in the spirit of treating a regulatory and religious obligation as an opportunity to build a durable institution, rather than as an administrative housekeeping matter to be discharged with minimum effort.

The Policy shall stand for the lifetime of the programme, subject to the review and amendment provisions set out herein. Each annual Cycle shall add to its substance through certification, reporting, and the accumulating record of the Scholars whose progression Bayt al-Mamun supports.

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*Issued by Mamun. Certified by the Shariah Board of Ihkam Advisors. May/June 2026, Muscat. Document version 2.0 — Post-certification, aligned with Ihkam Shariah Resolution.*