

“Independent Shariah Compliance Verification Statement”

Date: 16th May 2023

To: The Shariah Advisory Board (the “SAB”) of Azzad Asset Management in USA (the “Company”)

This document provides a summary on the External Shariah Compliance Verification (the “Verification”) of the Company for its activities from 1st January 2022 to 31st December 2022.

Our responsibility is to verify, only from a Shariah standpoint, the investments and evaluate the effectiveness of the Company’s internal Shariah verification processes and procedures to fulfil the requirements of the SAB. However, it is the responsibility of the Company’s management to carry out all the transactions in line with Shariah requirements as defined by the SAB.

We report to you our opinion as to whether the Company has complied with the Ethical and Shariah Investment Guidelines approved by the SAB. We also report to you whether in our opinion, the management of the Company fulfilled their responsibility towards implementing the SAB directives. Our responsibilities do not extend to any other assurance or information.

Basis of the Shariah Compliance Verification Opinion

The Verification was designed to examine, assess, and evaluate the following:

- The overall Shariah compliance status of the investment transactions carried out by the Company.
- The adequacy and effectiveness of the Shariah governance framework implemented by the Company in relation to:
 - Documentation of the Shariah governance framework including all the related processes and procedures.
 - The Company’s internal Shariah control environment to meet the SAB requirements.
 - The implementation of the relevant processes and procedures to verify that they have been carried out correctly and accurately.
- The accuracy and correctness of the calculations and reporting practices related to the Zakah and purification in line with the SAB directives.
- The competence of the Investment Screening/Filtering Application of the Company (“ISFA”) to fulfil the SAB requirements.

We planned and conducted our Verification by utilising a bespoke sampling methodology so as to obtain all the relevant information and explanations which we considered necessary to provide us with sufficient evidence to have reasonable assurance that the activities/documents are free from material breach of Shariah rules, whether caused on purpose, by negligence or due to lack of Islamic finance and Shariah knowledge.

Opinion

In our opinion:

- Overall, the design and operating effectiveness of Shariah controls appear to be adequate to fulfil the Shariah guidelines and SAB requirements.
- Based on our rating methodology and taking into consideration the Verification findings, the management’s commitment towards Shariah compliance, and our recommendations, the overall rating of this External Shariah Compliance Verification is “**Good**”. Please refer to our Shariah Verification Report 2022 for further information.



Najib Al Aswad

Director at IFAAS Group

AAOIFI Certified Shariah Adviser and Auditor / AAOIFI Certified Islamic Professional Accountant