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REPORT TO THE SHAREHOLDERS OF POPULAR LIFE INSURANCE COMPANY LIMITED ON COMPLIANCE ON THE CORPORATE GOVERNANCE CODE

We have examined the compliance status to the Corporate Governance Code by Popular Life Insurance Company Limited for the year ended on December 31, 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- (d) The governance of the company is satisfactory.

Date: 18.05.2019
Place: Dhaka, Bangladesh

Ahmed Mashuque & Co.
Chartered Accountants



Popular Life Insurance Company Limited

For the year ended 31st December 2018

STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

Annexure-C

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission:

Status of compliance for the year ended 31st December 2018 with conditions imposed by the Commission's Notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is presented below:

(Report under Condition No. 9.00)

| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|--|
| | | Complied | Not complied | |
| 1 | Board of Directors | | | |
| 1.(1) | Board's Size The number of Board Directors should not be less than 5 (five) and more than 20 (twenty). | ✓ | | 12 (Twelve) Board member including 3 (three) independent Directors |
| 1.(2) | Independent Directors | | | There are three independent Directors in the Board |
| (a) | At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors. | ✓ | | |
| (b) | Purpose of Clause "Independent Director": | | | |
| (b) (i) | Who either does not hold any share or holds less than 1% shares to the total | ✓ | | |
| (b) (ii) | paid-up shares of the company; Who is not a sponsor of the company and is not connected with the companies any sponsor or director or nominee director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding Entities who holds one | ✓ | | |
| | percent (1%) or more share of the total paid-up shares of | ✓ | | |
| | the company on the basis of family relationship. His/her family members also should not hold above mentioned shares | ✓ | | |
| (b) (iii) | in the company. Who has not been an executive of the company in immediately preceding 2 (two) financial years. | ✓ | | |
| (b) (iv) | Who does not have any other relationship whether pecuniary or otherwise, with the company or its subsidiary/ associated companies. | ✓ | | |
| (b) (v) | Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange. | ✓ | | |
| (b) (vi) | Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market. | | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| (b)(vii) | Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code. | ✓ | | |
| (b)(viii) | Who shall not be an independent director in more than 5 (five) listed companies. | ✓ | | |
| (b)(ix) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI). | ✓ | | |
| (b)(x) | Who has not been convicted for a criminal offence involving moral turpitude. | ✓ | | |
| (c) | The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM). | ✓ | | |
| (d) | The post of independent director(s) can not remain vacant for more than 90 (ninety) days. | ✓ | | |
| (e) | The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only. | ✓ | | |
| 1.(3) | Qualification of Independent Director (ID) | | | |
| (a) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business. | ✓ | | |
| (b) | Independent director shall have following qualifications: | | | |
| (b) (i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or | ✓ | | |
| (b) (ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| | (b)(iii) Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or | None | | |
| | (b)(iv) University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or | None | | |
| | (b)(v) Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | None | | |
| | (c) The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b) | ✓ | | |
| | (d) In special cases the above qualifications may be relaxed subject to prior approval of the Commission. | None | | |
| 1.(4) | Chairman of the Board and Chief Executive Officer | | | |
| | (a) The positions of the Chairman of the Board and the Managing Director (MD) and/or the Chief Executive Officer of the companies shall be filled by different individuals. | ✓ | | |
| | (b) The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | ✓ | | |
| | (c) The Chairperson of the Board shall be elected from among the non-executive directors of the company; | ✓ | | |
| | (d) The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer; | ✓ | | |
| | (e) In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---|
| | | Complied | Not complied | |
| 1.(5) | The Directors' Report to Shareholders | | | |
| (i) | Industry outlook and possible future development in the industry. | ✓ | | |
| (ii) | Segment-wise or product-wise performance. | ✓ | | |
| (iii) | Risks and concerns. | ✓ | | |
| (iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin. | ✓ | | |
| (v) | Discussion on continuity of any Extra-Ordinary gain or loss. | None | | |
| (vi) | Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report. | None | | |
| (vii) | Utilization of proceeds from public issues, rights issues and / or through any others instruments. | N/A | | |
| (viii) | An explanation if the financial result deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc. | N/A | | |
| (ix) | If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report. | None | | |
| (x) | Remuneration to directors including independent directors. | None | | No remuneration are to be paid to its non-hole time directors |
| (xi) | The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. | ✓ | | |
| (xii) | Proper books of account of the issuer company have been maintained. | ✓ | | |
| (xiii) | Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment. | ✓ | | |
| (xiv) | International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|--|--|--------------|--|
| | | Complied | Not complied | |
| (xv) | The system of internal control is sound in design and has been effectively implemented and monitored. | ✓ | | |
| (xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress | ✓ | | |
| (xvii) | There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed. | None | | |
| (xviii) | Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained. | ✓ | | |
| (xix) | Key operating and financial data of at least preceding 5 (five) years shall be summarized. | ✓ | | |
| (xx) | If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given. | N/A | | Dividend has been recommended for the year ended 31 December 2018 |
| (xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend (xxii) The number of Board meetings held during the year and attendance by each director shall be disclosed. | None | | No bonus share or stock dividend has been declared as interim dividend during the year 2018. |
| (xxiii) | The pattern of shareholdings and name wise details disclosing the aggregate number of shares: | | | |
| (xxi)(a) | Parent/Subsidiary/Associated Companies and other related parties (name wise details). | ✓ | | |
| (xxi)(b) | Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details). | ✓ | | |
| (xxi)(c) | Executives (top five salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit). | ✓ | | |
| (xxi)(d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | ✓ | | |
| (xxiv) | Appointment/Reappointment of Directors: | | | |
| (xxiv)(a) | A brief resume of the director. | ✓ | | |
| (xxiv)(b) | Nature of his/her expertise in specific functional areas. | ✓ | | |
| (xxiv)(c) | Names of companies in which the person also holds the directorship and the membership of committees of the board. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| | (xxv) A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on: | | | |
| | (xxv)(a) accounting policies and estimation for preparation of financial statements; | ✓ | | |
| | (xxv)(b) changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | ✓ | | |
| | (xxv)(c) comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof; | ✓ | | |
| | (xxv)(d) compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | ✓ | | |
| | (xxv)(e) briefly explain the financial and economic scenario of the country and the globe; | ✓ | | |
| | (xxv)(f) risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and | ✓ | | |
| | (xxv)(g) future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM | ✓ | | |
| | (xxvi) Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A; and | ✓ | | |
| | (xxvii) The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C. | ✓ | | |
| 1.(6) | Meetings of the Board of Directors the company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 1.(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer: | | | |
| (a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company; | ✓ | | |
| (b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | ✓ | | |
| 2. | Governance of Board of Directors of Subsidiary Company | | | |
| (a) | Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company. | ✓ | | |
| (b) | At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company. | ✓ | | |
| (c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company. | ✓ | | |
| (d) | The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also. | ✓ | | |
| (e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | ✓ | | |
| 3. | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS): | | | |
| (1) | Appointment: | | | |
| (a) | The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC); | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|----------------------------------|
| | | Complied | Not complied | |
| (b) | The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals; | ✓ | | |
| (c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | ✓ | | |
| (d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | ✓ | | |
| (e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | ✓ | | No removal happened in this year |
| (2) | Requirement to attend Board of Directors' Meetings: The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: | ✓ | | |
| (3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO): | | | |
| (a) | The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief: | | | |
| (a)(i) | these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and | ✓ | | |
| (a)(ii) | these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws; | ✓ | | |
| (b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members; | ✓ | | |
| (c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ✓ | | |
| 4. | Board of Directors' Committee: For ensuring good governance in the company, the Board shall have at least following subcommittees: (i) Audit Committee; and (ii) Nomination and Remuneration Committee. | | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| 5 | Audit Committee | | | |
| (1) | Responsibility to the Board of Directors | | | |
| (a) | The company shall have an Audit Committee as a sub-committee of the Board of Directors. | ✓ | | |
| (b) | The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. | ✓ | | |
| (c) | The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing. | ✓ | | |
| (2) | Constitution of the Audit Committee | | | |
| (a) | The Audit Committee shall be composed of at least 3 (three) members. | ✓ | | |
| (b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director; | ✓ | | |
| (c) | All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience; | ✓ | | |
| (d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | ✓ | | |
| (e) | The company secretary shall act as the secretary of the Committee. | ✓ | | |
| (f) | The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---|
| | | Complied | Not complied | |
| (3) | Chairman of the Audit Committee | | | |
| (a) | The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director. | ✓ | | |
| (b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | ✓ | | |
| (c) | Chairman of the audit committee shall remain present in the Annual General Meeting (AGM). | ✓ | | |
| (4) | Meeting of the Audit Committee | | | |
| (a) | The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; | ✓ | | Twelve audit committee meeting were held during the year 2018 |
| (b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | ✓ | | |
| (5) | Role of Audit Committee | | | |
| (a) | Oversee the financial reporting process. | ✓ | | |
| (b) | Monitor choice of accounting policies and principles. | ✓ | | |
| (c) | Monitor Internal Control Risk management process. | ✓ | | |
| (d) | Oversee hiring and performance of external auditors | ✓ | | |
| (e) | hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | ✓ | | |
| (f) | Review along with the management, the annual financial statements before submission to the board for approval. | ✓ | | |
| (g) | Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval. | ✓ | | |
| (h) | Review the adequacy of internal audit function. | ✓ | | |
| (i) | review the Management's Discussion and Analysis before disclosing in the Annual Report; | ✓ | | |
| (j) | Review statement of significant related party transactions submitted by the management. | ✓ | | |
| (k) | Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| (l) | oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and | ✓ | | |
| (m) | oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: | N/A | | |
| (6) | Reporting of the Audit Committee | | | |
| (a) | Reporting to the Board of Directors | | | |
| (i) | The Audit Committee shall report on its activities to the Board of Directors. | ✓ | | |
| (ii) | The Audit Committee shall immediately report to the Board of Directors on the following findings, if any: | | | |
| (ii) (a) | Report on conflicts of interests. | None | | |
| (ii) (b) | Suspected or presumed fraud or irregularity or material defect in the internal control system. | None | | |
| (ii) (c) | Suspected infringement of laws, including securities related laws, rules and regulations. | None | | |
| (ii) (d) | Any other matter which shall be disclosed to the Board of Directors immediately. | None | | |
| (b) | Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier. | None | | |
| (7) | Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|---------------------|
| | | Complied | Not complied | |
| 6. | Nomination and Remuneration Committee (NRC) | | | |
| | (1) Responsibility to the Board of Directors | | | |
| | (a) The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board; | ✓ | | |
| | (b) The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive; | ✓ | | |
| | (c) The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b). | ✓ | | |
| | (2) Constitution of the NRC | | | |
| | (a) The Committee shall comprise of at least three members including an independent director; | ✓ | | |
| | (b) All members of the Committee shall be non-executive directors; | ✓ | | |
| | (c) Members of the Committee shall be nominated and appointed by the Board; | ✓ | | |
| | (d) The Board shall have authority to remove and appoint any member of the Committee; | ✓ | | |
| | (e) In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | None | | |
| | (f) The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee; | None | | |
| | (g) The company secretary shall act as the secretary of the Committee; | ✓ | | |
| | (h) The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | ✓ | | |
| | (i) No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| (3) | Chairperson of the NRC | | | |
| (a) | The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | ✓ | | |
| (b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | | | |
| (c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders. | ✓ | | |
| (4) | Meeting of the NRC | | | |
| (a) | The NRC shall conduct at least one meeting in a financial year; | ✓ | | |
| (b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | ✓ | | |
| (c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); | ✓ | | |
| (d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | ✓ | | |
| (5) | Role of the NRC | | | |
| (a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | ✓ | | |
| (b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | | | |
| (i) | formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | | | |
| (a) | the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | ✓ | | |
| (b) | the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| (c) | remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | ✓ | | |
| (ii) | devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality; | ✓ | | |
| (iii) | identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | ✓ | | |
| (iv) | formulating the criteria for evaluation of performance of independent directors and the Board; | ✓ | | |
| (v) | identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and | ✓ | | |
| (vi) | developing, recommending and reviewing annually the company's human resources and training policies; | ✓ | | |
| (c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | ✓ | | |
| 7. | External /Statutory Auditors | | | |
| (1) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: | | | |
| (i) | Appraisal or valuation services or fairness opinions. | ✓ | | |
| (ii) | Financial information systems design and implementation. | ✓ | | |
| (iii) | Book-keeping or other services related to the accounting records or financial statements. | ✓ | | |
| (iv) | Broker-dealer services. | ✓ | | |
| (v) | Actuarial services. | ✓ | | |
| (vi) | Internal audit services. | ✓ | | |
| (vii) | Any other service that the Audit Committee determines. | ✓ | | |
| (viii) | audit or certification services on compliance of corporate governance as required under condition No. 9(1); and | ✓ | | |
| (ix) | any other service that creates conflict of interest. | ✓ | | |
| (2) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company. | ✓ | | |



| Condition No. | Title | Compliance status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|---------------------|
| | | Complied | Not complied | |
| (3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | ✓ | | |
| 8. | Maintaining a website by the Company.- | | | |
| (1) | The company shall have an official website linked with the website of the stock exchange. | ✓ | | |
| (2) | The company shall keep the website functional from the date of listing. | ✓ | | |
| (3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | ✓ | | |
| 9. | Reporting and Compliance of Corporate Governance | | | |
| (1) | The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/ Cost and Management Accountant/ Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis. | ✓ | | |
| (2) | The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | ✓ | | |
| (3) | The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions. | ✓ | | |