

6.1 REPORT ON CORPORATE GOVERNANCE AND CORPORATE CULTURE

COMMITTED TO EMBRACING BEST PRACTICES IN INSTITUTIONAL GOVERNANCE

Governance letter from our Chairman

“ Green Delta Insurance continues to drive high standards of governance at all levels. I am satisfied that the current Board brings the right balance of experience, skills and diversity of perspective needed to provide the governance, oversight and strategic direction to ensure the Company’s continued resilience ”

- Abdul Hafiz Choudhury, Chairman

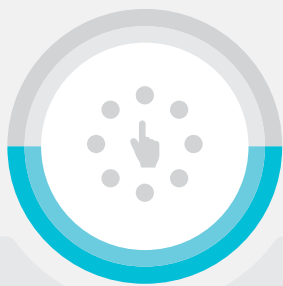
Fostering governance best practices aligned with our purpose

Good governance is of fundamental importance to Green Delta Insurance. At our Company, we have a shared purpose, which is to ensure insurance for all by building public trust in insurance. With good governance, underpinned by our values and our culture, we are able to deliver on this promise for our customers and all our stakeholders, including investors and shareholders. I also believe that our strong and consistent approach to governance enables us to deliver on our strategy

to ensure affordable, simple and convenient access to insurance through an omni-channel network, including digital.

Consistent with our purpose, our governance framework provides role clarity by clearly delineating roles and areas of accountability and recognises the independent roles and duties required to effectively govern the Company. Our governance framework, practices and processes enable the Board and the senior leadership team to create value by stewarding the enterprise through prevalent challenges.

Pillars of our governance framework



A diverse and transforming culture based on gender diversity and skills and experience for the future, especially in the realm of digital



Independent and free-thinking to secure our position in a fast-transforming sector and economy



Focused and informed decision-making with dedicated committees operating under clearly defined terms of reference and strategic roadmap

Further, in keeping with the spirit of sound leadership, the Board and the senior management team promote strong principles of integrity and ethics within the Company, which aids in entrenching excellence in every facet of our business. Further, as a Company that operates in a “sensitive” sector that needs to be highly customer-centric and public-facing, we believe that our reputation, upheld by our people, is our biggest asset and the most significant foundation of our governance processes. Our Board is the overall custodian of good corporate governance and is fully committed to the key governance outcomes of fostering an ethical culture, good performance, effective control and integrity.

The Board plays a key role in setting the strategic direction of the Company. The Board also provides continuous oversight of material matters, acting as an independent check and balance for the executive management team, whose main responsibility remains the management of the business. The Directors are diverse in their academic qualifications, industry knowledge, experience, race and gender. This diversity encourages robust debate and dialogue at Board and committee-level meetings to ensure that appropriate and effective judgement and supervisory guidance are provided to the management in facilitating the delivery of the Company’s strategic objectives.

Progress made during the year 2020

The year 2020 was an extraordinary one, not just for Green Delta Insurance, but for the country and the world as a whole. The onset of the COVID-19 pandemic, the speed of virulence transmission and uncertainty around the disease caused the authorities to shutdown entire cities and countries for over 3-4 months, which is unprecedented in modern history. The lockdowns, it has been estimated, have wiped out millions of jobs around the world, pushed hundreds of thousands back into poverty and caused corporate bankruptcies. In such an operating environment, our Board took an incisive decision to not cut any jobs at the Company or the Group and protect the sanctity of employment and the long-term relationships we share with our people. Further, we

also kept compensation structures untouched, while also disbursing bonus as per policy.

The other material issues deliberated on by the Board comprised safety and security of our people, business continuity planning, assessing external demand environment and the needs and expectations of key stakeholders, digital insurance, etc. Notably, deliberations of the various committees enabled the Board discussions to be more focused on strategic matters. The outcome of this contributed to not just greater business sustainability in a volatile and unpredictable year, but also to our 2020 financial performance in a big way.

Our focus areas for 2021

Employee experience remains critical for us and we will continue to enhance our reward communication and understanding for our employees and focus on fair pay principles across the Group. Further, digital capability building remains an ongoing focus area and our reward strategy is aimed at assisting us in acquiring and developing talent for a digital organisation. We will also continue to accelerate our leadership development in a digital world.

We are also very committed to maintaining a strong relationship with our shareholders, which is built on trust and a clear understanding of our policies and the practices that have been implemented organisation-wide.

Ultimately, we will continue to drive and embed our purpose deeper into our enterprise.

Thank you for your continued faith in us.

Sincerely,

Sd/-

Abdul Hafiz Choudhury

Chairman

Governance in the context of Board leadership and Company purpose

Green Delta Insurance is committed to the continuous enhancement of corporate value by fulfilling its responsibilities to customers, shareholders, employees, society and other stakeholders, as set forth in the corporate philosophy as well as articulated in our code of business conduct. For this purpose, the Company has established a robust, sound and transparent corporate governance system and deeply recognises the importance of appropriate control over its subsidiaries (Group companies), defining the rights of shareholders and the responsibilities of the Board of Directors, among others. The Group has established a framework of prudent and effective controls to enable risk to be

assessed and managed, further information on which can be found in the risk report on page 192.

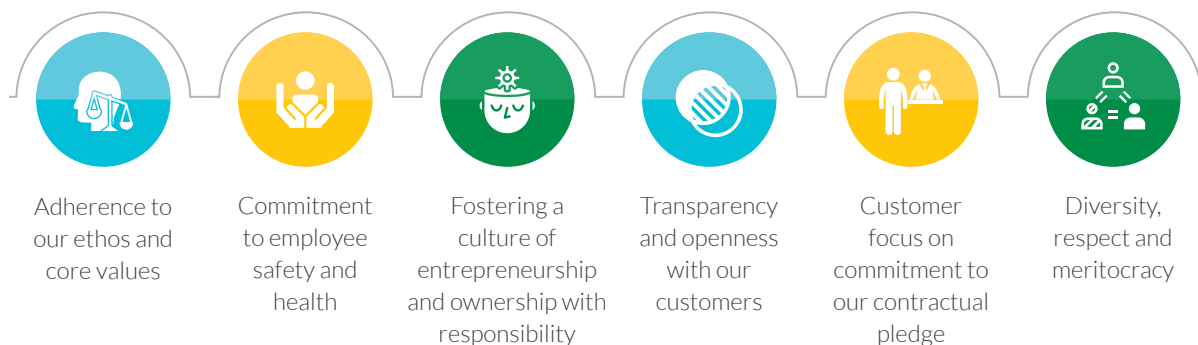
The Board is responsible for leading the Group in an efficient and entrepreneurial manner, for establishing the Group’s purpose, values and strategy, and satisfying itself that these and the Group’s culture are aligned. It focuses primarily upon strategic and policy issues and is responsible for ensuring the long-term sustainable success of the Company and the extended Group. It sets the strategy, oversees the allocation of resources and monitors the performance of the Group. It is also responsible for effective risk assessment and management. In the discharge of these duties, the Board takes into cognisance the interests of the Company’s key stakeholders and is aware of the potential impact of the decisions it makes on the wider society.

Fulfilling our governance model through advancing our purpose

At Green Delta Insurance, our stated purpose is to ensure “Insurance for all”. In order to achieve this, the Company develops innovative solutions that enable our customers to protect their assets and all that which is important to them. Further, we are focused on optimising cost by driving efficiency in our processes and also making insurance accessible and affordable to all through our

growing focus on an omnichannel distribution network. The Company aims to deliver sustainable, profitable growth to provide its shareholders with a superior return on their investment, whilst providing each of its employees with a safe and inspiring workplace environment where they are recognised, developed and properly rewarded.


The Board has identified six key strategic objectives which form the basis for achieving this long-term sustainable success.




Corporate governance system

Green Delta Insurance’s corporate governance system is designed as a structure whereby the Nomination Committee and Compensation Committee are established, in addition to the fundamental structure of a Company with an audit and supervisory board. The Company believes such a structure is optimal and in light of the following measures taken:

 Determines significant business execution by resolution of the Board of Directors

 Makes high-quality decisions reflecting the insights of external directors

 Ensures transparency of the decision-making process of nomination and compensation of directors, audit and supervisory members, and executive officers through deliberations at the nomination and remuneration committee

With a view to fortify our corporate governance system and ensure effective stewardship, the Board

has three sub-committees, created in accordance with BSEC guidelines and as a matter of transparency and openness. Each committee is mandated with the responsibility of stipulating its own organisation, operations and authority in accordance with the regulations of the committees established under the Board. These include: nomination and remuneration committee (or compensation committee), executive committee and audit committee (or internal control committee).

Well-balanced and represented Board composition

In a rapidly transforming business environment, director expertise is essential, as the Board is constantly required to make strategic decisions that can have all three short-

medium- and long-term impacts. The Company's core business of insurance and other Group-wide businesses are directed by leading professionals in the relevant fields who practice responsible management as CEOs and those delegated with authority and also make presentations to the senior management team and the Board, keeping them up-to-date with external factors as well as performance of their verticals. In addition, our rich Board diversity provides varied perspectives that enrich the quality of the discussions and decisions. Particularly, Independent Directors leverage their expertise and skills in myriad fields, including the public sector, finance, law, administration, human resources and even ESG (environment, social and governance) to contribute to the Board's informed and objective decision-making process.



Board of Directors

Number of meeting held in 2020: **6**



Executive Committee

Number of meeting held in 2020: **3**



Audit Committee

Number of meeting held in 2020: **4**



NRC Committee

Number of meeting held in 2020: **2**

Our Board makes independent judgments and decisions, with directors appointed through a transparent and regulatory-compliant procedure. To enhance the independence of our Board, we have ensured that our Board is adequately represented by Independent Directors – every four Non-Executive Directors are represented by one Independent Director, with makes a total of two Independent Directors on our Board. In the spirit of transparency and compliance, this meets the requirements prescribed under BSEC guidelines, which states that Independent Directors must constitute one-fifth of the total strength of the Board of a publicly listed company. As a measure of embracing enhanced transparency, we have also separated the role of the Chairman of the Board and the Managing Director & Chief Executive Officer (MD & CEO).

At Green Delta Insurance, our Board comprises of 9 directors, aligned with BSEC rules and guidelines. For more information on our Board members, please visit pages 33-39.

Roles and responsibilities of the Board and key personnel

Code of Conduct

1. The Chairman

- The Board Members shall elect a Chairman from amongst themselves for such a period as may be decided by the Board. If at any meeting of the Board, the Chairman be not present at the time appointed for holding the same, the Board Members shall choose another Director to preside over that meeting.
- The Chairman is expected to lead the Board of Directors with reasonable restraint and should at all times strive to build consensus on all contentious matters where there is divergence of opinion expressed in the course of performance of their jobs as such.
- The Chairman as the first among equals should act as an honest spokesperson of the Board

and air only views already debated and decided upon by the Board. In other words, his/her personal opinions/ wish lists should be avoided in press conferences and meets. It would be proper to have certain key issues decided at the Board before they are made public.

2. General Duties

- **Fiduciary Duties**

The duties imposed on Board Members are fiduciary duties, similar to those that the law imposes on those in similar positions of Trust: Agents and Trustees.

- **Powers vs Duties**

The duties apply to each Board Member separately, while the powers apply to the Board jointly.

- **Contribution in Meetings/Debates**

The Board Members are expected to contribute to the debates in the Board without any personal biases or other prejudices with the conviction and belief that the outcome of every debate would be towards the advancement of the company.

3. Proper purpose

- Board Members must exercise their powers for a proper purpose.

4. Unfettered discretion

- Board Members cannot, without the consent of the company, fetter their discretion in relation to the exercise of their powers, and cannot bind themselves to vote in a particular way at future board meetings.

5. Transactions with the company

- A Board Member shall not enter into a transaction with a company where there is a conflict between his interest and duty without the knowledge of the Board.
- It is a statutory duty of the director(s) to declare interests in relation to any transactions, and to make proper disclosure thereof.

6. Use of corporate property, opportunity or information

- A Board Member must not, without the informed consent of the company, use company's assets, opportunities, or information for his/her own profit.

7. Competing with the company

- A Board Member must not compete directly with the company without a conflict of interest arising.
- A Board Member should not act as a director of any competing companies, as his/her duties to each company would conflict with each other.

8. Confidentiality

- Each Board Member must use utmost care and discretion in the handling of confidential information and other information not normally available to the public, generally coming to them by reason of their directorship, office or employment. Such information shall, subject to certain limited circumstances, not be disclosed to third parties and shall not be used for personal benefit or for the benefit of family, friends, or associates.

9. Conflict of duty and interest

- As fiduciaries, the Board Members must not put themselves in a position where their interests and duties conflict with the duties that they owe to the company.
- Each and every Board Member has an obligation of loyalty to the company and should subordinate his/her personal interest when they conflict with or threaten to conflict with the best interests of the company.
- Each and every Board Member shall declare all actual or potential material conflicts that may arise between their duty to (i) the company and (ii) their personal obligations, other fiduciary duties or financial interests (direct or indirect) and these conflicts shall be reported to the Chair.
- A Board Member should not engage directly or indirectly, as a director, officer, employee, consultant, partner, agent or major shareholder in any business or undertaking that competes with, does business with or seeks to do business with the company.
- With respect to restricted party transactions, full disclosure of material transactions shall be recorded in the board's minutes and will be transacted in accordance with legislated restrictions.
- To avoid conflicts of interest, the Board Members must do more than merely act within the law. They must conduct their affairs in such a manner that their performance

will at all times bear public scrutiny. The appearance of conflict of interest as well as the conflict itself must be avoided.

10. Accepting Gifts

- No Board Member shall accept any gift, hospitality or favour offered or tendered by virtue of the position with the company.
- When dealing with public officials whose responsibilities include the business of the company, acts of hospitality should be of such a scale and nature so as to avoid compromising the integrity or reputation of either the public official or the company. Such acts of hospitality should be undertaken in the expectation that they could well become a matter of general knowledge and public record.

11. Reporting of Questionable or Fraudulent Actions

- The Board Members shall report to the Board or to the audit committee about their awareness of any situation which might adversely affect the reputation of the company. This would include any questionable, fraudulent or illegal events or material actions in violation of company policy which comes to their attention.

12. Cooperation with Auditors

- Every Board Member is expected to comply promptly with any request from internal and/or external auditors for assistance and to provide full disclosure of any situation under investigation.



Skills and experience of our Directors

There are 9 non-executive directors in the Board of Green Delta Insurance Company. A variety of skills have been maintaining by the directors of the company. The specific skills are



Our Board of Directors consists of members who possess a wide variety of knowledge and experience in finance, economy, management, business administration, marketing and law. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability to foresee developments across a larger perspective.

Leveraging external Board members' expertise

The Company intends to make full use of the knowledge and experience of its outside (external) directors and outside auditors when considering and developing management strategies to achieve sustainable growth and increase corporate value over the medium- to long-term. To this end, the Board of Directors holds discussions on corporate strategy on themes such as the management environment and issues faced by the Company. Topics are selected based on external environment, as well as topics that come up in independent directors / auditors' meetings.

Information and support

The Board ensures that it receives, in a timely manner, information of an appropriate quality to enable it adequately to discharge its responsibilities. Papers are provided to the Directors in advance of the relevant Board or Committee meeting to enable them to make further enquiries about any matters prior to the meeting should they so wish. This also allows Directors who are unable to attend to submit views in advance of the meeting. In addition to the formal Board processes, the Managing Director & Chief Executive Officer provides updates on important Company business issues between meetings, and the Board is provided with a comprehensive report of key financial and management information, including information on safety and quality performance. Regular updates on shareholder issues are provided to the Directors as well. Further, in addition to the dissemination of all information, directors also have the right to call for any information they seek. In this regards, all directors have access to the advice and services of the Company secretariat.

Principal points of discussion at Board meetings in 2020

BSEC Rule

Date of meeting	Major topics of discussion
10.02.2020	<ul style="list-style-type: none"> • Notice of the 34th Annual General Meeting (AGM) of the Company • Authorized Signatories to the Financial Statements for the year-2019 • Retirement and Election of Board of Directors • Appointment/Re-new term of the of External Auditor • Appointment/Re-new term of the of Secretarial Auditor for Corporate Governance Audit • Annual Accounts/Financial Statements of the Company for the year-2019 along with its subsidiaries. • Dividend Recommendation • "Directors Report" for the annual report 2019
14-06-2020	<ul style="list-style-type: none"> • 1st Quarter Financial Statements (un-audited) of Green Delta Insurance Company Limited • To Fix the date and Time of Postponed 34th Annual General Meeting (AGM)
30-07-2020	<ul style="list-style-type: none"> • 2nd Quarter Financial Statements (un-audited) of Green Delta Insurance Company Limited and its subsidiaries for the year-2020
29-10-2020	<ul style="list-style-type: none"> • 3rd Quarter Financial Statements (un-audited) of Green Delta Insurance Co. Ltd. and its subsidiaries for the year-2020

The following major points have also been discussed in the Board sub committees like: Executive Committee, Audit Committee and Nomination and Remuneration Committee

- Insurance Claim settlement etc.
- Employees Increment, promotion, bonus and any other matter related to employee oriented.
- Appointment of Directors, remuneration etc.

Compensation framework and policies

At Green Delta Insurance, the broad policy for determining compensation is as follows:

- Ensure transparency, fairness, and objectivity regarding compensation for all members of the organisation
- Strengthen incentives for enhancing the business performance of the Company by introducing a well-articulated performance-linked compensation system
- Enhance accountability through introducing a compensation system linked to meeting the Company's business results based on the management strategy and code of business conduct
- More fully implement a performance-based compensation system through processes designed to objectively evaluate individual performance with respect to management objectives

Bonus disbursement Policy for staff:

The bonuses are determined solely at the company's discretion. They are not promised to employees and there is never a guarantee that anyone will receive them. For instance, it can be paid as a reward to an individual employee for an outstanding performance at a particular time only.

Succession planning and next-gen talent development

This matter has been discussed under Chapter:03- Human capital and Human Resource Accounting and Responsibilities towards employees (including health and safety)

Development of next-gen talent

In order for the Company to continue to grow in a changing environment, the Company utilises all of the knowledge, know-how and experience of the entire Group to confront issues it faces and to solve them. In order to achieve so, it is imperative to take initiative

to develop a large pipeline of talent that will lead the management to the next era.

In this context, the Company executes an executive program for its senior employees as a form of succession management. Through forging strong bonds, a strong relationship of trust develops among participants, while at the same time fostering mindsets from a Group perspective and further expanding synergies across the Group. In addition, the Company is enhancing the Group management sustainability by executing training programs for every employee layer. Thus, an ongoing focus on training and development and capacity and skills-building enables us to spot promising talent early, leading to extensive grooming for helping build 3600 understanding of our industry environment, key issues facing our sector and our business, our culture and values, our growth aspirations and, most importantly, our mindset of always remaining a challenger-company despite occupying leadership positions in the sector.

Directors' conflict of interest

The Board has established a formal system to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company (situational conflicts). Directors declare situational conflicts so that they can be considered for authorisation by the non-conflicted Directors. In considering a situational conflict, these Directors act in the way they consider would be most likely to promote the success of the Company and may impose limits or conditions when giving authorisation or subsequently if they think this is appropriate.

The Company Secretary records the consideration of any conflict and any authorisations granted. The Board believes that the approach it has in place for reporting situational conflicts continues to operate effectively. No situational conflicts were presented to the Board for authorisation during the year under review.

1.1 GDIC's policy on appointment of Directors

All the Directors of Green Delta Insurance Company Limited are Non-executive Directors. The recommendations regarding their appointment are received from various sources for highly capable and seasoned professionals.

In relation to the selection and appointment of new Director, the existing Board of Directors possess the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;

- Identify any competencies not adequately represented and agreed to the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of GDIC;
- The Managing Director and CEO is appointed by the Board subject to the consent of the shareholders in the Annual General Meeting (AGM) and approval of IDRA;
- Any change in the members of the Board requires intimation to all the scheduled banks and Financial Institutions (FIs), Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges (if necessary).

1.2 Adequate representation of non-executive directors

We maintain the minimum requirement of non-executive directors as per guideline of IDRA and BSEC, as the only Executive Director is the Managing Director & CEO while the rest 9 are Non-Executive Directors (including 3 independent Directors).

Composition of the Board, ensuring adequate number of Non-Executive Directors and their independence

GDIC's Board comprises of eleven (9) Non-Executive Directors including three (3) Independent Directors and one (1) Executive Director, the Managing Director & CEO. Directors possess a wide range of skills and experience over an array of professions, businesses and services. All the Non-Executive Directors are nominated by their respective institutions except for the Independent Directors. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensures that the Company's activities are always conducted with adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders.

None of the directors of the Board, except the Managing Director & CEO, are involved in the day-to-day operations of the Company; rather, they provide their valuable insights and guidance to the management in the meeting of the Board and its committees.

1.3 At least one independent director on the board and affirmation of the board on such director's independence

As per the revised Corporate Governance Code (CGC) of Bangladesh Securities and Exchange Commission (BSEC), at least one-fifth of the total directors of the Board shall be Independent Directors. Thus, in compliance with the guideline, three (3) Directors out of the total nine (9) Directors are independent, having no interest in GDIC. Independence of the respective Independent Director is confirmed during selection and appointment of the Directors and they remain committed to continue with such independence throughout their tenure.

1.4 Chairman to be independent of CEO

The Chairman of the Board is not the Chief Executive of the Company. The Chairman and the Managing Director & CEO are different individuals. The role of the Chairman and the Managing Director & CEO are independent and separate.

1.5 Responsibilities of the Chairman of the Board appropriately defined and disclosed. Disclosure of independence of Non-Executive Directors

In GDIC, the Chairman runs the Board. The Chairman serves as the primary link between the Board and the management and works with the CEO and Company Secretary to set the agenda for Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The key roles and responsibilities of the Chairman of the Board is well defined and set by the Board.

Role and Responsibilities of the Chairman

The primary role of the Chairman is to ensure that the Board is effective in its task of setting and implementing the Company's direction and policy. The Chairman is appointed by the Board. The principal structures of the role of the Chairman comprise the following:

- Providing leadership to the Board;
- Taking responsibility for the Board's composition and development;
- Ensuring proper information for the Board; Planning and conducting Board meetings effectively;
- Getting all Directors involved in the Board's work;
- Ensuring the Board's focus on key tasks;

- Engaging the Board in assessing and improving its performance;
- Overseeing the induction and development of Directors; and
- Supporting the Managing Director & CEO.

The Chairman of the Board shall be responsible for the management, development and effective performance of the Board of Directors and provides leadership to the Board for all aspects of the Board's functions. The Chairman is responsible for leadership of the Board. In particular, he will:

- Ensure effective operations of the Board and its committees in conformance with the highest standards of corporate governance;
- Ensure effective communication with shareholders, host governments and other relevant constituencies and ensure that the views of these groups are understood by the Board;
- Set the agenda, style and tone of Board discussions to promote constructive debate and effective decision making;
- Ensure that all Board Committees are properly established, composed and operated;
- Support the Managing Director & CEO in strategy formulation and, more broadly, provide support and give advice;
- Ensure an effective relationship among Directors, acting as the principal conduit for communication and issues relating to business strategy, planned acquisitions and corporate governance;
- Establish a harmonious and open relationship with the Managing Director & CEO;
- Ensure that Board Committees are properly structured and all corporate governance matters are fully addressed; and
- Encourage active engagement by all members of the Board.

Independence of non-executive directors

All the Non-Executive Directors are nominated by their respective institutions except for the Independent Directors. All the Directors bring forth independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensures that the Company's activities are always conducted with adherence to stringent and the highest possible ethical standards and in the best interests of all stakeholders. None of the directors of the Board, except the Managing Director & CEO, are involved in the day-to-day

operations of the Company; rather, they provide their valuable insights and guidance to the management in the meeting of the Board and its committees.

1.6 Annual appraisal of the Board's performance and disclosure

Appraising a board's performance can clarify the individual and collective roles and responsibilities of its directors, and better knowledge of what is expected of them can help boards become more effective. Done properly, board appraisals may also improve the working relationship between a company's board and its management.

Any discussion of performance appraisals must necessarily cover two broad areas—the what and the how. In the case of a board, what should be appraised is its ability first to define its responsibilities and establish annual objectives in the context of those general responsibilities, and then its record in achieving those objectives. An appraisal must also look at the resources and capabilities the board needs and has available to perform its job. The how of board appraisal is, of course, the process the board uses to evaluate its own performance.

Before a board can even begin to evaluate its performance in these broad areas of responsibility, it must articulate the specific actions that each of them implies. In other words, boards must set objectives for themselves within those broad categories against which they can eventually measure their performance. The board creates a set of objectives annually—generally speaking, at the beginning of the fiscal year—that reflects the directors' collective judgment about which aspects of the board's overall responsibilities need particular attention in the coming year.

A board is a team of knowledge workers, and to do its job, the board needs the same resources and capabilities that any other successful team of knowledge workers needs such as knowledge, information, power, motivation, and time.

Self-evaluation is not an easy issue for any group to deal with. It is particularly difficult in the case of boards because it requires board members to make judgments and decisions about themselves and about issues that affect all stakeholders.

The effectiveness of the evaluation very much depends on how the board structures the evaluation process. It should consist of three phases: The first—setting annual board objectives at the beginning of the fiscal year. The process picks up again at the end of the year, when, in the second phase, the board secretary collects and disseminates information about the board's activities.

With that information in hand, in the third phase, board members can judge how close they came to meeting their objectives while also examining the adequacy of the resources available to them over the year.

1.7 Annual evaluation of the Managing Director & CEO by the Board

The Board of Directors evaluates the Managing Director & CEO based on the goals set for him considering the company vision and mission at the beginning of each year. The annual financial budget and other job objectives are discussed, reviewed and finalized by the Board at the start of the financial year. The Board considers both financial and non-financial goals during the appraisal.

Evaluation based on financial performance

At the end of each quarter, the Managing Director & CEO is evaluated based on the financial targets. The evaluation is done based on both:

- Achievement of targets against budget;
- Achievement of targets against the achievement of those targets in the previous year.

Evaluation based on Non-Financial goals

The Managing Director & CEO is also evaluated based on non-financial goals in an ongoing basis. The non-financial criteria include, but are not constricted to things such as:

- The confidence of the shareholders in the CEO, as reflected in the stock price of the company;
- The relationship of the company with the regulators;

1.8 Training and Development of Directors

The Board recognizes the importance of ensuring that Directors are continuously being developed to acquire or enhance the requisite knowledge and skills to discharge their duties effectively. All new Directors appointed to the Board attend a formal induction programme to familiarize themselves with the Group's strategy and aspiration, understanding of the line of businesses and corporate functions, key financial highlights, audit, compliance and risk management. The programme is conducted by the Managing Director & CEO / Heads of the business units as well as Senior Management. The Company Secretary also provides the new Directors with an information kit regarding disclosure obligations of a Director, Board Charter, Code of Ethics, the Constitution of the Company, Board Committees' Terms of Reference, and Schedule of Matters Reserved for the Board, amongst others.

1.9 Financial and accounting knowledge and expertise of Directors

Our Board of Directors consists of members who possess a wide variety of knowledge and experience in finance, economy, management, business administration, marketing and law. This ensures that together, they formulate the right policy for the development of the business while having the specialized skills and the ability to foresee developments across a larger perspective and with enough independence to audit the management in a balanced manner.

Among them, one Director naming Mr. Abdul Hafiz Choudhury was a member of the Institute of Chartered Accountants in England & Wales in 1966. He was President of the Institute of Chartered Accountants of Bangladesh (ICAB) in 1988 and also a Council member of ICAB for nine years. He provides guidance in matters applicable to accounting and audit-related issues to ensure compliance and reliable financial reporting.

1.10 Number of Board meetings held in 2020

The number of meetings of the Board and its committees held during the accounting year and the attendance of the Directors at those meetings and their respective remuneration are disclosed in the Directors' Report on page no. 129 of this annual report. The number of Directors required to constitute a quorum is five (5), out of the nine Directors. During 2020, a total number of 15 Board and its Committee Meeting were held.

1.11 Directors' report on compliance with best practices on corporate governance that is reviewed by external auditors

The Companies Act, 1994, requires the Directors to prepare financial statements for each accounting year. The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, preventing and detecting fraud and/ or other irregularities, selecting suitable accounting policies and applying those policies consistently and making reasonable and prudent judgments and estimates where necessary.

The Board of Directors are also responsible for the implementation of the best and the most suitable corporate governance practices. A separate statement of the Directors' responsibility for financial reporting and corporate governance is given on page no. 48 of this Annual Report.

Pattern of shareholding as on 31st December, 2020

SL	Name of Shareholder	Description	Number of Shares	Amount (Taka) face value	%
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A. Parent/Subsidiary/Associated Companies and other related parties (name wise details)

B. (i) Directors and their spouses and minor children (name wise details)

1	Abdul Hafiz Choudhury	Chairman	180,916	1,809,160	0.19
2	Khurshida Chowdhury	Vice Chairperson	4,432,780	44,327,800	4.76
3	Dilruba Chowdhury	Director	1,916,516	19,165,160	2.06
4	Shamsun Nahar Begum Choudhury	Director	1886482	18,864,820	2.02
5	Mesbah Dilwar Rahman	Director	1,886,396	18,863,960	2.02
6	Iqbal Khan (Jamal)	Director	1,886,482	18,864,820	2.02
7	Delwara Absar	Director	1,886,357	18,863,570	2.02
8	Faisal Ahmed Choudhury	Independent Director	0	0	0
9	Abul Hasan Chowdhury	Independent Director	0	0	0

B. (ii) CEO, CFO/Financial Controller, Company Secretary & Internal Audit (Co-coordinator) and their spouses and minor children (name wise details)

1	Farzanah Chowdhury	Managing Director & CEO	9,226,633	92,266,330	9.90
2	Syed Moinuddin Ahmed	Additional Managing Director & Company Secretary	0	0	0
3	Syed Aliul Ahabab FCCA	Financial Controller	0	0	0
4	Anupam Das	Head of Internal Audit & Compliance	0	0	0

C. Executives [Top 5 salaried employees]

1	Nasir A. Choudhury	Advisor	0	0	0
2	Farzanah Chowdhury	Managing Director & CEO	9,226,633	92,266,330	9.90
3	Syed Moinuddin Ahmed	Additional Managing Director & Company Secretary	0	0	0
4	A.K.M. Iftekhar Ahmad	Senior Consultant	0	0	0
5	Syed Forhad Abbas Hussain	Deputy Managing Director	4,152	41,520	0.004

D. Shareholders holding ten percent (10%) or more voting interest in the company: Nil

6.4 STATUS ON CORPORATE GOVERNANCE CONDITION

COMPLIANCE REPORT ON BSEC'S NOTIFICATION

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.00	Size of the Board of Directors:			
1.1	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2	Independent Director			
1.2(a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors	✓		
1.2(b)(i)	Do not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1.2(b)(ii)	Do not a sponsor of the company or is not connected with the company's any sponsor or director or nominated 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 shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company	✓		
1.2(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years	✓		
1.2(b)(iv)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies	✓		
1.2(b)(v)	Independent directors are not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		
1.2(b)(vi)	Independent director 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	✓		
1.2(b)(vii)	Independent director 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	✓		
1.2(b)(viii)	They are not the Independent directors in more than 5 (five) listed companies	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2(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)	✓		
1.2(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1.2(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM)	✓		
1.2(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days			No vacancy occurred
1.2(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) tenure only. A former independent director may be considered for reappointment for another tenure after a time gap of one tenure. The independent director shall not be subject to retirement by rotation as the Companies Act, 1994.	✓		
1.3	Qualification of Independent Director (ID)			
1.3(a)	independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business.	✓		
1.3(b)	Independent director shall have following qualifications:			
1.3(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	✓		
1.3(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	✓		
1.3(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	✓		
1.3(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	✓		
1.3(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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.3(c)	The independent director have at least 10 (ten) years of experiences in any field mentioned in clause (b)	✓		
1.3(d)	In special cases, above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1.4	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1.4 (a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	✓		
1.4 (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	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer	✓		
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from nonexecutive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.5	Directors report to shareholders			
1.5(i)	Industry outlook and possible future developments in the industry	✓		
1.5(ii)	Segment-wise or product-wise performance	✓		
1.5(iii)	Risks and concerns including internal and external riskfactors, threat to sustainability and negative impact onenvironment, if any	✓		
1.5(iv)	Discussion on cost of goods sold, gross profit margin and net profit margin	✓		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A
1.5(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions	✓		
1.5(vii)	Utilization of proceeds from public issues, right issues and/ or through any others instruments	✓		
1.5(viii)	An explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing etc.			N/A
1.5(ix)	Explanation on significant variance occurs between Quarterly Financial performance and Annual Financial Statements	✓		
1.5(x)	Remuneration to directors including independent directors	✓		
1.5(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	✓		
1.5(xii)	Proper books of account of the issuer company have been maintained	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5(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	✓		
1.5(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	✓		
1.5(xv)	The system of internal control is sound in design and has been effectively implemented and monitored	✓		
1.5(xvi)	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	✓		
1.5(xvii)	There is no significant doubt 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 there of shall be disclosed	✓		
1.5(xviii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained	✓		
1.5(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized	✓		
1.5(xx)	If the issuer company has not declared dividend (cash or stock) for the year			N/A
1.5(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend			N/A
1.5(xxii)	The total number of Board meetings held during the year and attendance by each director	✓		
1.5 (xxiii)	Report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:			
1.5(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details)	✓		
1.5(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details)	✓		
1.5(xxiii)(c)	Executives	✓		
1.5(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		
1.5(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:			
1.5(xxiv)(a)	A brief resume of the director	✓		
1.5(xxiv)(b)	Nature of his or her expertise in specific functional areas	✓		
1.5(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board	✓		
1.5(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			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5(xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		
1.5(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	✓		
1.5(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	✓		
1.5(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	✓		
1.5(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	✓		
1.5(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company	✓		
1.5(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 explain to the shareholders in the next AGM	✓		
1.5(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	✓		
1.5(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			
1.6	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.	✓		
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1.7 (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;	✓		
1.7 (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	✓		
2.00	Governance of Board of Directors of Subsidiary Company			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company	✓		
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	✓		
2 (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	✓		
2 (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	✓		
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		
3.00	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3.1	Appointment			
3.1 (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);	✓		
3.1 (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	✓		
3.1 (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	✓		
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	✓		
3.1 (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)	✓		
3.2	Requirement to attend Board of Directors' Meetings			
3.2	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	✓		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.3(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			
3.3(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
3.3(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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3(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	✓		
3.3(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 sub-committees:			
4 (i)	Audit Committee	✓		
4 (ii)	Nomination and Remuneration Committee.	✓		
5	Audit Committee			
5.1	Responsibility to the Board of Directors			
5.1 (a)	The company shall have an Audit Committee as a subcommittee of the Board	✓		
5.1 (b)	The Audit Committee shall assist the Board 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	✓		
5.1 (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing	✓		
5.2	Constitution of the Audit Committee			
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5.2 (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;	✓		
5.2 (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;	✓		
5.2 (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			No such situation arisen
5.2 (e)	The company secretary shall act as the secretary of the Committee	✓		
5.2 (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	
5.3	Chairperson of the Audit Committee			
5.3 (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5.3 (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.	✓		
5.3 (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM	✓		
5.4	Meeting of the Audit Committee			
5.4 (a)	The Audit Committee shall conduct at least its four meetings in a financial year.	✓		
5.4 (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.	✓		
5.5	Role of Audit Committee			
5.5 (a)	Oversee the financial reporting process;	✓		
5.5 (b)	Monitor choice of accounting policies and principles	✓		
5.5 (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report	✓		
5.5 (d)	Oversee hiring and performance of external auditors;	✓		
5.5 (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	✓		
5.5 (f)	Review along with the management, the annual financial statements before submission to the Board for approval	✓		
5.5 (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	✓		
5.5 (h)	Review the adequacy of internal audit function	✓		
5.5 (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	✓		
5.5 (j)	Review statement of all related party transactions submitted by the management	✓		
5.5 (k)	Review Management Letters or 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	
5.5 (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	✓		
5.5 (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	✓		
5.6	Reporting of the Audit Committee			
5.6(a)	Reporting of the Board of Directors			
5.6 (a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5.6 (a)(ii)(a)	The Audit Committee shall immediately report to the Board on the following findings report on conflicts of interests	✓		
5.6 (a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;	✓		
5.6 (a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations	✓		
5.6 (a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately	✓		
5.6 (b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier			N/A
5.7	Reporting to the shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company	✓		
6	Nomination and Remuneration Committee (NRC)			
6.1 (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	✓		
6.1 (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;	✓		
6.1 (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).	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6.2	Constitution of the NRC			
6.2 (a)	The Committee shall comprise of at least three members including an independent director;	✓		
6.2 (b)	All members of the Committee shall be non-executive directors;	✓		
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6.2 (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;	✓		
6.2 (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;	✓		
6.2 (g)	The company secretary shall act as the secretary of the Committee;	✓		
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6.2 (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	✓		
6.3	Chairperson of the NRC			
6.3 (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director	✓		
6.3 (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;	✓		
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: in absence of chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholders queries and reason for absence of the chairperson of the NRC shall be recorded in the minutes of the AGM	✓		
6.4	Meeting of the NRC			
6.4 (a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6.4 (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6.4 (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);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6.4 (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.	✓		
6.5	Role of the NRC			
6.5(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;			
6.5 (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6.5(b)(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:			
6.5(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract retain and motivate suitable directors to run the company successfully	✓		
6.5(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	✓		
6.5(b)(i)(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	✓		
6.5(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	✓		
6.5(b)(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	✓		
6.5(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	✓		
6.5(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	✓		
6.5(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6.5(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 or Statutory Auditors			
7.1	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: -			
7.1 (i)	Appraisal or valuation services or fairness opinions;	✓		
7.1 (ii)	Financial information systems design and implementation;	✓		
7.1 (iii)	Book-keeping or other services related to the accounting records or financial statements;	✓		
7.1 (iv)	Broker-dealer services;	✓		
7.1 (v)	Actuarial services;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
7.1 (vi)	Internal audit services or special audit services;	✓		
7.1 (vii)	Any service that the Audit Committee determines;	✓		
7.1 (viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1)	✓		
7.1 (ix)	Any other service that creates conflict of interest.	✓		
7.2	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; his or her family members also shall not hold any shares in the said company:	✓		
7.3	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.			
8.1	The company shall have an official website linked with the website of the stock exchange	✓		
8.2	The company shall keep the website functional from the date of listing	✓		
8.3	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.			
9.1	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9.2	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	✓		
9.3	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

6.5 CERTIFICATE ON CORPORATE GOVERNANCE



Suraiya Parveen & Associates

(Chartered Secretaries, Financial & Management Consultants)

[Certificate as per condition No.1 (5) (XXVII)]

Report to the Shareholders of Green Delta Insurance Company Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **Green Delta Insurance Company Limited** for the year ended on December 31, 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 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.

Dhaka, Dated
March 04, 2021



For Suraiya Parveen & Associates
Chartered Secretaries

Suraiya Parveen, FCS
Chief Executive Officer

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