

# Report on Corporate Governance

## Concept of corporate Governance

Corporate governance is a framework comprising policies, processes and practices that help how efficiently and effectively a company's board of directors manages and oversees the operations of a company. Corporate governance includes independence, fairness, responsibility, transparency and accountability.

Board of Directors is the central entity in functioning corporate governance system. It is the governing body of the organization and is accountable to the shareholder and other stake holders of the organization. To meet these organization objectives, the Board provides strategic policy and direction to the management and not involved in day to day operational decisions. Management is accountable to the Board and, therefore, provides relevant, transparent and material information to the Board. The Board, to achieve its objectives,

## Composition of the Board

The Board of Prime Islami Life Insurance Limited is comprised with 12 Directors including three independent directors. All directors including Chairman are non-executive directors.

The Chairman and the Chief Executive Officer of the Company is different individual with different roles and responsibilities.

## Independent Director

To comply with Bangladesh Securities and Exchange Commission's Corporate Governance code dated 3 June 2018 & Insurance Development & Regulatory Authority issued Corporate Governance guideline dated 19 October 2023. The Board of Directors appointed 03 (three) Independent Directors for a period of 3 (three) years and subsequently approved by the shareholder at the Annual General Meeting (AGM).

## Board Committees

In compliance with governance code & guidelines, the Board of PILIL has constituted the following subcommittees-

- (i) Audit Committee,
- (ii) Nomination & Remuneration Committee,
- (iii) Investment Committee,
- (iv) Risk Management Committee and
- (v) Policyholder Protection & Compliance Committee.

## Audit Committee (AC)

Audit Committee is formed with 03 (three) non-executive directors headed by an Independent Director. The Company Secretary acts as the Secretary to the Committee. The Audit Committee maintains

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regular contact with both external and internal auditors and ensures that complaints and observations from the auditors are acted upon. Furthermore, the Audit committee discusses accounting principles and changes thereto. The Audit Committee consults and advises the Board on the scope of internal audits. The committee keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the auditors. The committee oversee the transparency and accountability in the operations of the Company and the activities of the Company are conducted within framework of policies, processes and plans as laid down by the Board and the rules, regulation and guidelines of the regulatory authorities issued from time to time. A Report on activities of the Audit Committee is prepared annually and disclosed in the Annual Report of the Company.

## **Nomination and Remuneration Committee (NRC)**

Nomination and Remuneration Committee is formed with 04 (four) directors headed by an Independent Director. All members of the Committee are Non-Executive Directors. The Company Secretary acts as the Secretary to the Committee.

## **Investment Committee (IC)**

Investment committee, is comprised with 05 (five) non-executive directors and CEO who is as an ex-officio member. The Committee is liable to lay down the operational framework for the investment operations and to ensure the best possible investment for the Company.

## **Risk Management Committee (RMC)**

The Board of directors has duly constituted a 03 (three) members Risk Management Committee including an independent director under guidance of IDRA on 19 October 2023. The Committee is committed to establishing an effective Risk Management framework, the Risk Management policy and processes for the Company.

## **Policyholder Protection & Compliance Committee (PPCC)**

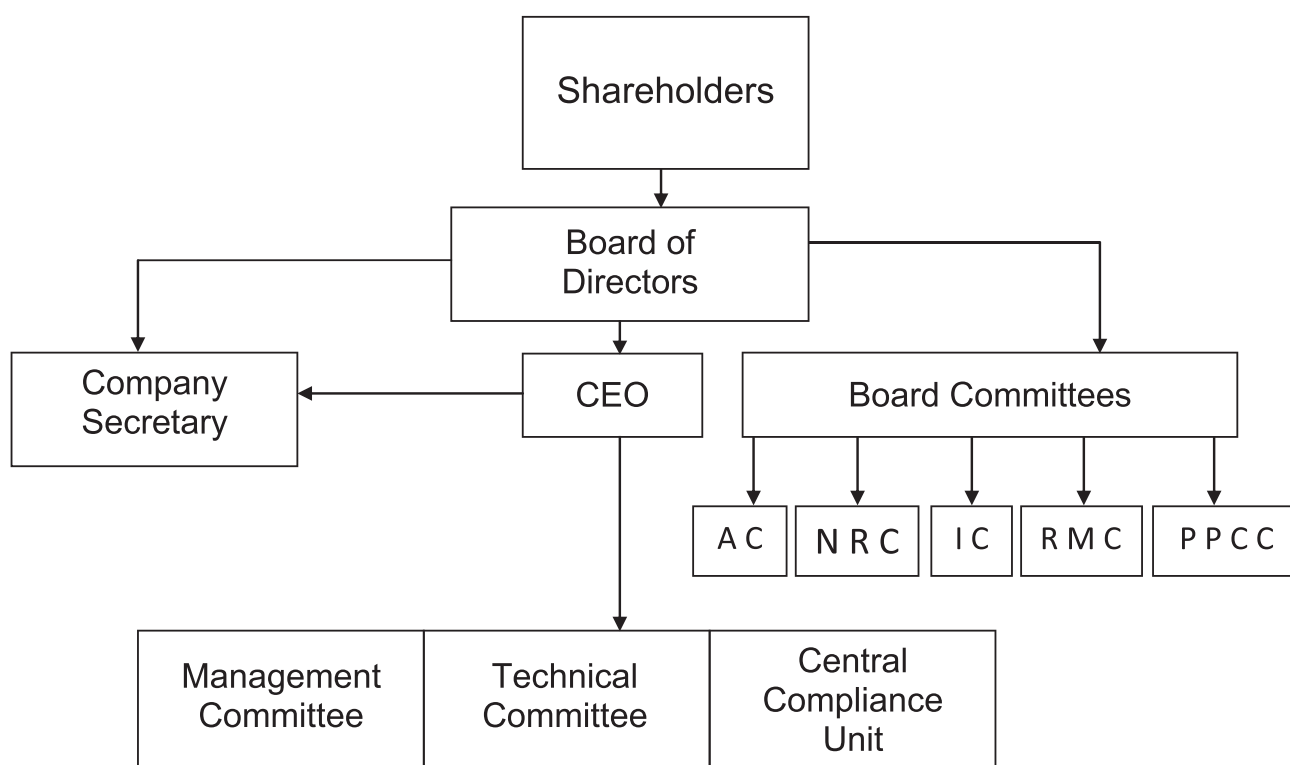
The Committee has constituted with 03 (three) non-executive directors including an independent director on 19 October 2023. The Committee is responsible for establishing an effective mechanism to address complaints and grievances of policyholders.

## **Framework of Corporate Governance**

Although, Board is the basic foundation of Corporate Governance, it delegated the responsibilities for compliance of corporate governance. All individual officers/ executives are liable for good corporate governance practices.

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How the company operates the business in compliance with the corporate governance code within a comprehensive framework which is outlined in the diagram below.



AC: Audit Committee; NRC: Nomination and Remuneration Committee; IC: Investment Committee; RMC: Risk Management Committee; PPCC: Policyholder Protection & Compliance Committee

## Tenure and Retirement

The office of the non- executive Director is subject to retirement under Article-94 of the Articles of Association of the Company. At least one third of the non- executive Director both from Group-A and Group-B shall retire by rotation in every Annual General meeting. The Chief Executive Officer is appointed for a maximum period of 03 (Three) years by the Board of Directors subject to approval of the Insurance Development & Regulatory Authority.

## Board Meetings

Meetings of the Board of Directors are held on regular basis to discuss and resolve the policy matters. During the year, 9 (Nine) meetings were held. A detail of the meetings of the Board is given at page of this report.

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## Director's Remuneration

None of the Directors holds any position of profit and receive any remuneration excepting fees for attending in the meeting of the Board of Directors and Committee. The meeting fee is fixed at Tk. 8,000/~ (Eight thousand) only for attending in each meeting as per notification of the Regulatory Authority.

## Internal control

Standard Accounting system alongside Internal Audit is vital factors to ensure internal check. In doing so, IFRS is maintained in Prime Islami Life Insurance Limited and Internal Audit Department is allowed to work independently and free from any interference.

## Going Concern Assumption

The Directors confirm that they are satisfied that the company has adequate resources to continue to operate for the foreseeable future and is financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## Relation and Communication with Shareholders

The Company acknowledges and takes necessary steps to provide shareholders with all relevant and reliable information. All relevant information is placed in the website [www.primeislamilife.com](http://www.primeislamilife.com) of the Company for convenience of the shareholders. Moreover, as per Bangladesh Securities and Exchange Commission (BSEC) guidelines all the price sensitive information having possible impact on share prices of the Company are communicated to the shareholders by publication in the national dailies and to the Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE) and Bangladesh Securities and Exchange Commission (BSEC) through official letters for displaying in their website. Quarterly & Half- Yearly Financial Statements are communicated to all the shareholders through DSE and CSE. Finally, the Company arranges Annual General Meeting (AGM) as per statutory requirement to give its shareholders parliamentary session to communicate their assertions about the Company. All the suggestions or recommendations made by the shareholders in AGM or any time during the year are taken very seriously for compliance and better Corporate Governance of the Company.

## Role of the Board

The principal roles of the Board are to define strategic objectives and frame policy/plans for running the company. The other specific responsibilities are to approve Annual, Half Yearly & Quarterly Accounts, annual budget, capital expenditure and to review the operational and financial Performance, financial control and risk management.

## Role of the Chairman and the Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are quite separate. The Chairman presides over the meetings of the Board and organizes the business of the Board ensuring effectiveness and settings its agenda. Minutes of the Board meeting and offer of appointment and revision of

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remuneration of the Chief Executive Officer are also signed by the Chairman. Under any circumstances, the Chairman does not involve in day to day operational matters.

The Chief Executive Officer is responsible for whole affairs of the management including day to day business of the company. He is responsible to the Board for operational and financial performance of the Company.

## Conflict to Interest

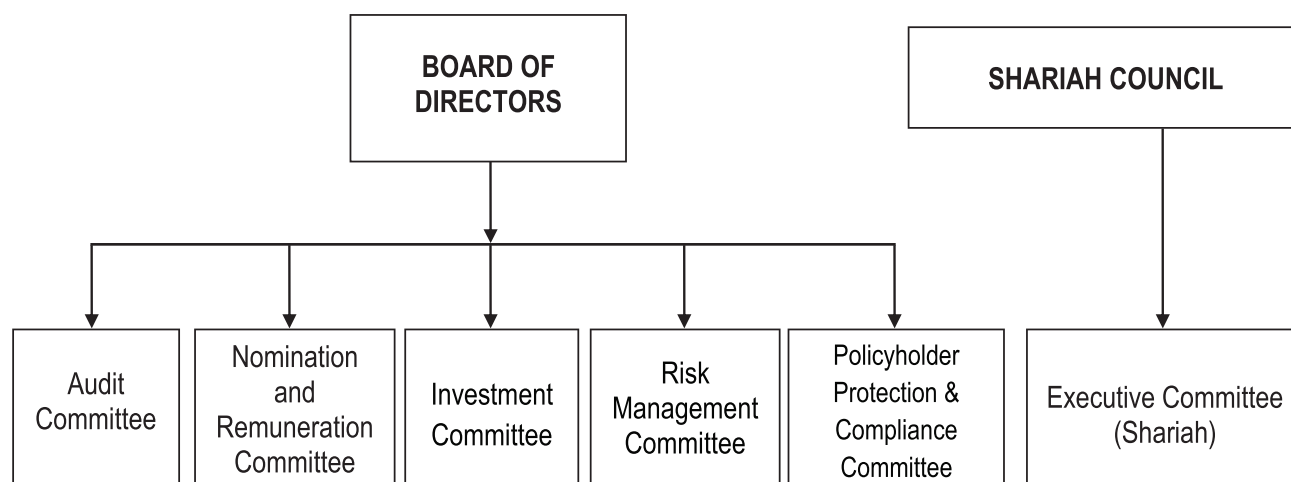
There may arise any situation of conflict of interest where in Directors, Officers, loyalties are divided between personal interest and interest of the Company and everybody avoids any actual or apparent conflicts of interest with the Company and everybody including Directors is required to disclose any potential conflicts of interest that may arise. In Prime Islami life Insurance Limited, it is complied with as any matter is discussed in the Board/Committee and Directors participate in the discussion independently.

## Charter of the Committee

All Committees of the Board have a charter (TOR) approved by the Board that defines the purpose, duties and responsibilities of the Committee.

## Director's responsibility

Each Director uses his or her best efforts to attend in all the meeting of the Board and the Committee to which such Director is appointed. The Directors are responsible for developing and upgrading Governance Principles, Code of Business Conduct and the Charter of each Committee of Prime Islami Life Insurance Ltd. on which such Directors serves. For review, materials are provided to the members in advance of Board / Committee meetings.



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## Related Party Transactions

Related party transactions were entered during the year under review in the ordinary course of business and on an arm's length basis. As per International Accounting Standard (IAS) 24 on 'Related Party Disclosures', the details of related party transactions entered into by the Company were also included in the notes no-30.00 to the financial statements in 2023 now under audit by statutory auditor of the Company.

## Corporate Social Responsibility (CSR)

The Company is taking initiatives to develop a Corporate Social Responsibility Policy under guidance of corporate governance guidelines of IDRA issued on 19 October 2023. No amount was spent on CSR projects during the year 2023.

## Key Management Personnel

Under the guidelines of IDRA, the Board of Directors appointed Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary (CS), Chief Investment Officer (CIO), Chief Risk Officer (CRO) and Head of Internal Audit and Compliance (HIAC) as top level officials and key personnel for the overall management activities of the Company. Charter of duties of the CEO, CFO, CS and head of internal audit has been formulated and approved by the Board of Directors. The CEO, CFO and CS attended all meetings of the Board of Directors during 2023.

## Disclosure of Information

All information whether material and or price sensitive nature are disclosed by the Company in timely manner and uploaded on the Company's website. A policy of principles on disclosures of material information and price sensitive information duly approved by the Board of Directors is posted on the Company's website. The Company also maintains a functioning website where all relevant information's are uploaded about the Company under the guidance of IDRA's corporate governance.

## BSEC Compliance

As Prime Islami Life Insurance Limited is listed with the Stock Exchange in Bangladesh, we abide by all notifications on corporate governance of the BSEC. In the year 2023 we complied with the relevant provisions shown at page of this report.

## IDRA Compliance

Under the guidelines of Insurance development & Regulatory Authority (IDRA) Prime Islami Life Insurance Limited has complied corporate governance of the IDRA. In the year 2023 we with the relevant provisions have shown at page of this report.