

Code of conduct of the NRC of PICL
Terms of Reference of the NRC &
Nomination & Remuneration Policy of the Company

Background:

The background of the Nomination and Remuneration Committee (NRC) of Prime Insurance Company Limited (PICL) and its Code of Conduct, Terms of Reference and Nomination and Remuneration Policy along with its applications are here stated:

1. Code of Conduct (COC) of the NRC of PICL
2. Terms of Reference (TOR) of the NRC &
3. Nomination and Remuneration Policy (NRP) of the PICL

Chairperson's Message:

Code of Conduct for Board of Directors may be viewed as a recent phenomenon. Traditionally Board of Directors is governed solely by a set of by-laws, or operational/procedural practices. In some cases, the by-laws may have been supplemented by a document describing roles, responsibilities and even by certain legal obligations or issues.

A Code of Conduct is different from by-laws or a statement of roles and responsibilities. A Code of Conduct outlines a set of fundamental principles, whether or not they are the basis for certain operational or legal requirements or provisions. Those principles help Board to understand why the by-laws behavior in certain ways and why the laws require or prohibit certain actions and what is to be done when the by-laws and legal documents are ambiguous or subject to interpretation. A Code addresses the values of an organization and how they reflect the values of the larger society. It helps the Board define what is just, fair, and appropriate. It defines operational ideals.

Ultimately, a Code serves the B Board in several ways and moves the Board forward towards achieving several goals.

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- It is an ethical document defining what an organization means when it holds its Directors to the highest ethical standards - details the fundamental maxim - do the right thing by defining right and wrong in some details.
- It has legal standing, in that the standards articulated become concrete evidence of the organization's expectations and intentions, with respect to the behavior of its Directors.
- It is pragmatic in its examples and the efficiencies resulting from an agreed-to description of organizational values.
- It serves the organization in times of change and uncertainty, where the law and policy may be vague or an issue is so new that law has not yet spoken.
- It brings society at large to the boardroom by reminding the Board that they represent more than the shareholders. In addition to the stakeholders who depend on the Board to do the right thing, society (and all of the interests it represents) also has a vested interest in the actions of the Board.

Creating a Code:

Code of Conduct need to be adopted by the Board of Directors of the Company as per rules and regulates promulgated by the concerned authorities. It does not replace by-laws and it will not define values absent society. It begins with an understanding of roles and responsibilities - which addresses the purpose of the Board and how that Board is to function. The roles, responsibilities and functional criteria of the Board are typically found in the by-laws while it may become the norm at some point that Board first create it's Code thereafter by-laws and now a days the reverse is more typical. Board by-laws are usually a legal requirement at the time of the Board's formation or the organization's incorporation. By-laws also look remarkably alike in that most of the elements of by-laws today have necessarily been captured in "boiler-plate" since there is so much in laws and regulations which they must address.

Neither do Code substitute for statements of roles and responsibilities. The organization decides what the Board will do, how the Board will serve and which decisions will remain the responsibility of the Board. The responsibilities of Board of Directors including but not limited to:

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- a. Representing the interests of the investors/shareholders to the organization.
- b. Directing the leadership regarding mission, vision and values.
- c. Directing the leadership regarding strategy and strategic goals.
- d. Overseeing the financial well-being of the organization.
- e. Overseeing the operational effectiveness of the organization.
- f. Selecting and overseeing the chief executive officer.
- g. Serving as a Court of appeals to senior management.
- h. Self-assessment of the Board and its members regarding its effectiveness.

Code is also the primary vehicle for articulating how the core values/principles of the organization will function at the Board level. There is no perfect set of values, nor there any ideal number of values for an organization. Some believe that more than a handful of values dilute their significance. Others believe that every applicable value deserves attention. Typically Code list no more than seven to ten core values, choosing to "subordinate" others under the broader umbrellas. For example, the value of providing a harassment-free workplace, prominent in today's legal environment, may be highlighted because of society's concern for this issue. Or, it may be under the umbrella of "respect" — the broader core value. How it is listed is a matter of the Board's preference. That it be addressed at all is a given in today's social and legal context.

Typical among the values used to define the ethical standards for Boards are:

- a. Accountability
- b. Courage
- c. Excellence
- d. Fairness
- e. Honesty
- f. Honor
- g. Independence
- h. Integrity
- i. Leadership
- j. Quality
- k. Responsibility
- l. Respect
- m. Social responsibility/Community
- n. Sustainable development (a recent addition to many lists)

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- o. Trust (not a value in and of itself - more the consequence of ethical conduct)

Please note that several of these values might be characterized as "ethical values" (e.g. honesty and fairness) while others are more aptly describe as "organizational values" (e.g. excellence and sustainable development) Board Code typically include both.

Applicability:

The Policy is applicable to:

- i) Directors (Executive and Non-Executive Directors including independent Directors)
- ii) Key Managerial Personnel
- iii) Senior Management Personnel and Other employees

Definitions:

In this policy unless the context otherwise requires -

- i) "Act" means The Companies Act, 1994 and rules made there under, as amended from time to time.
- ii) Insurance Act means Insurance Act 2010 and rules, regulations made there under, as amended from time to time.
- iii) "Regulator" means Insurance Development & Regulatory Authority (IDRA)
- iv) "Regulators" means Insurance Development & Regulatory Authority (IDRA), Bangladesh Securities & Exchange Commission (BSEC), National Board of Revenue (NBR) and such other name deemed fit on the ground of the subject matter of the objects.
- v) "Company" means Prime Insurance Company Limited.
- vi) "Board" means Board of Directors of Prime Insurance Company Limited
- vii) "Committee" means "Nomination and Remuneration Committee" of the Company as constituted by the Board from time to time.
- viii) "Key Managerial Personnel" or "KMP" means CEO/Managing Director, whole-time Director/ Executive Director, Chief Financial Officer, Company Secretary, Head of Internal Audit & Control, Advisor(s) and such other persons, officers/Executives

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who reports directly to the CEO/MD and who may be deemed to be KMP under the Companies Act, 1994 and or prescribed by the regulators from time to time.

- ix) "Senior Management Personnel" means officers/ personnel of the Company, who are members of its core management team excluding Board of Directors and shall comprise all members of management Committee, up to 3 level below the Chief Executive Officer/ Managing Director/Whole Time Director/ Manager (including Chief Executive Officer/ Manager, in case they are not part of the Board) and shall include Company Secretary , Chief Financial Officer, Head of Internal Audit and Control, Executive and Officers who report directly to the CEO/MD of the company.
- x) The Executive mean all employees of any member of the group who report or who will report directly to the Managing Director/CEO.
- xi) "Benefits" means- All types of remuneration including salary, bonus, profit sharing, share options, pension contributions, motor car (or payments in lieu thereof), perquisites and other incentives and employment benefits.
- xii) Board of Directors means the Board.
- xiii) Board of Directors meeting means Board meeting.
- xiv) Nomination and remuneration Committee means NRC.
- xv) Code of conduct means the code.
- xvi) Terms of References means ToR.

Chapter 1: Code of Conducts

The Board of Directors shall clearly define respective roles and responsibilities of the Chairperson and the Chief Executive Officer (Managing Director).

Chairperson of the Board:

The primary objective of electing the Chairperson of the Board is to separate the Board and management to deal with the governance issues and to maximize the shareholders wealth. The matter of shareholders wealth depends on maintaining the system and procedures of corporate governance. Independent Directors are the representatives of the

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shareholders and regulatory counterpart. Sponsors and promoters primary objectives are the growth of the company in terms of return on equity. But a Chairperson shall role the leadership of all types of Board members to reach the ultimate objective of the company and to ensure all stakeholders sustainable benefit.

The Chairperson's role is therefore leading the Board to grasp the company's mission, vision and strategy. He will network among the Board of Directors, guide the CEO of for the operation of the company. He/she will lead the Board to draw strategic position of the company, chose the strategy based on the strategic position analysis and finally implement the strategy to get the return.

The Chairperson should be communication-intensive, S/he should be skilled and honest, intellectual, problem solving and s/he must be able to focus on a diverse group of Directors and build consensus among them, be able to coach of the CEO and be willing to have the difficult conversations with the CEO as and when required.

The Chairperson must have the maturity, leadership skills, tactful and ability to keep his or her ego in check as well as a clear understanding of the boundaries of the role and be an effective Board-room leader. An effective Chairperson and CEO partnership requires mutual trust and regular contact. A dysfunctional relationship between the Chairperson and CEO, communication failures between the two or between the Chairperson and the Board, or the actions of an over-reaching Chairperson can all undermine effective governance. The respective role of the Chairperson and the CEO depends on various factors such as the manner in which the Board functions and tightens the relationship between the Board and the Management.

The Articles of Association of the company provides that the Chairperson of the Board of Directors shall be elected by the Board of Directors who shall chair meetings of the company.

The key roles and responsibilities of the Chairperson are defined as under:

1. To call and lead meetings of the Board of Directors and that of the Shareholders of the Company, and has a duty to ensure that the meeting is properly convened and conducted.

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2. To play a crucial leadership and pivotal role in ensuring that the Board as well as its Committees works effectively in conformity with the highest standards of corporate governance.
3. To ensure full participation of the executive, non-executive and independent Directors in the Board's decision making processes and activities.
4. To facilitate effective contribution of the non-executive and independent Directors and building a strong bond and trust between them and the executive Directors.
5. To ensure that the Board plays a full and constructive part in developing and determining the company's strategy and overall business and commercial objectives.
7. Confirm agenda of the meeting as prepared and proposed by the CEO and the Company Secretary taking into consideration the important issues facing the company with emphasis to strategic rather than routine issues.
8. To ensure that there are sufficient channels for effective communication between the Board and the shareholders at the General Meetings.
9. To ensure that all Board Committees are properly established, composed and operative.
10. To observe and ensure that complete, timely and clear information on the company affairs are provided to the Board.
11. To consider and evaluate that the advice of the Company Secretary on compliance procedures and rules are properly been meet.
12. To ensure effective communication between the company and its executive management, committees and shareholders.
13. To observe and ensure that the meeting is conducted in accordance with the requirements of the Act, Regulatory Acts and regulations, company's Articles of Association and any applicable special and common law and rules, and has an overriding duty to act in good faith in the best interests of the company and is responsible for the proper conduct of the meeting, the preservation of order, ensuring that all shades of opinion are given a fair hearing and ensuring that the sense of the meeting is properly ascertained and recorded.
14. To ensure that the meeting starts timely and that all the business on the agenda is transacted. The start of meeting can be delayed in certain circumstances obviously where there is no quorum. The Chairperson can legitimately delay the meeting to allow members who arrived on time to

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register and get admittance. As a rule of thumb, it is not advisable to delay the meeting for any longer than 15 to 20 minutes.

Problems that take longer time than this to fix should be dealt with by proposing an adjournment immediately after opening the meeting.

15. Rule on any question raised from the floor relating to the conduct of the meeting. If his/her decision is challenged, the matter should be put to the meeting and decided by the majority of those present. In addition to making rules on points of order, the Chairperson will usually have the power to adjourn the meeting, to demand a poll, to rule on validity of votes at general meetings and to rule of the validity of an amendment of motions / resolutions.

16. Cannot close the meeting without its consent until all the business has been dealt with.

17. Minutes signed by the Chairperson of the meeting are prima-facie evidence of the proceedings therefore the Chairperson has a special duty to produce and keep minutes of all proceedings of General Meetings, Meetings of the Directors and its Committees.

18. Deemed to have been given authority by the meeting to regulate its proceedings still there are many matters relating to the conduct of a meeting which entirely are in the hands of those persons who are present and constitute the meeting. Thus it rests with the meeting to decide whether notices, resolutions, minutes, accounts and such like shall be read to the meeting or be taken as read, whether representatives of the Press or any other persons not qualified to be summoned to the meeting, shall be permitted to be present, or if present, shall be permitted to remain, whether and when discussion shall be terminated and a vote taken, whether the meeting shall be adjourned. In all these matters, which are only instances, the meeting decides, and if necessary a vote must be taken to ascertain the wishes of the majority. If no objection is taken by any constituent of the meeting, the meeting must be taken to be assenting to the course adopted.

19. Support and advice the CEO in the development strategy and establish a harmonious and open relationship with him/her.

20. Meet regularly with the CEO to review issues, opportunities and problems.

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21. Promote effective relationship and communications between non-executive Directors and members of the Committees.

22. Maintain access to senior management as is necessary and useful but not intrudes on the responsibilities of the CEO etc.

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Chief Executive Officer/Managing Director

The Chief Executive Officer (which is equivalent to more commonly known term of 'Managing Director') of the Company shall be in total charge of managing the business of the company, who shall develop business strategies and translate them into functional objectives and manage himself/herself or through functional managers the following major functions independently:

- (a) Financial planning and sourcing, record keeping and analytical management reporting to the Board of Directors;
- (b) Managing the marketing channels and sales force, market research, developing new products, marketing communications, public relations, pricing decisions and customer service;
- (c) Managing day to day operations including training and guiding employees using available resources productivity, monitoring performance levels and ensuring the availability of required skill sets;
- (d) Assessing the human resource requirements, employee records maintenance, employee skills management programs and disciplinary matters;
- (e) Complying with the various regulatory requirements as applicable to the Company, and ensuring that the employees are aware of and comply with these typically by developing policies and practices that result in compliance and communicating these to employees and monitoring their adherence; and
- (f) Tap the potential of information technology for improving company's functioning and monitoring technological developments and help developing meaningful roles for the company in the emerging technological scenarios.
- (g) And in particular, the CEO / MD shall:
 - (i) have the vision of the company in sight and work based on that and will be responsible for creating a desired image about the company among the public, customers, government and other external entities and shall make sure that the company is able to ensure business continuity in the face of different kinds of crises and changes in environment.
 - (ii) motivate the chief officers to function in a coordinated manner and develop the business into a cohesive organization.
 - (iii) evaluate the performance of the company, review with the operations head and finance head and steer the company ahead.
 - (iv) make sure the business is done legally within the framework provided and ensuring that the processes are all in place. Major decisions

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with regard among others to what other businesses to enter or if ties with any existing client should be severed etc shall however be made by the CEO / MD in consultation with and within the authorities delegated by the Board of Directors.

(v) be accountable to the Board of Directors of the Company for the performance of the business consistent with agreed plans, strategies and policies.

(vi) develop annual plans for presentation to the Board for support.

(vii) plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plans.

(viii) develop processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps are taken to manage the risks.

(ix) develop and maintain an effective framework of internal controls over risk in relation to all business activities.

(x) ensure that the flow of information to the Board is accurate, timely and clear.

(xi) ensure an effective dialogue between the executives and the Board and in particular ensure that the Chairperson and the Board are regularly up-dated on matters affecting the Company's performance, competitive position and risk profile.

(xii) establish a close relationship of trust with the Chairperson, reporting key developments to him/her in a timely manner and seeking advice and support as appropriate, and

(xiii) meet regularly with the Chairperson to review issues, opportunities and problems.

(xiv) meet regularly with investors and media.

(xv) The CEO/MD and the CFO shall jointly certify to the Board that —

(a) They have reviewed financial statements for the year and to the best of their knowledge and belief:

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

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) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's Code of Conduct and applicable laws of the State/GOB.

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(c) The Certification of the MD or CEO shall be disclosed in the Annual Report.

Chief Financial Officer (CFO):

The Board of Directors of the Company defines the roles, responsibilities and duties of the Chief Financial Officer (CFO) as follows:

- i) Shall perform several tasks inclusive of preparing accounts, preparing budgets, operational reporting and interpreting, evaluating operating results, preparing income tax returns, VAT, establishing internal control procedures to safe-guard the company's assets.
- ii) Shall furnish necessary and classified information to the Board of Directors along with his/her analysis and suggestions as the CFO attends the Board Meetings. In order to strengthen and formalize corporate decision-making process, significant issues including those listed hereunder are required to be placed by the CFO for the information, consideration and decision of the Board of Directors:
 - a) Annual business plans, cash flow projection, forecasts, cost control plan and long term plans;
 - b) Budgets including capital, manpower and overhead budgets along with variance analysis;
 - c) Quarterly operating results of the company as a whole and in terms of its operating divisions or business segments;
 - d) Details of joint venture or collaboration agreements or agreements with agents, suppliers etc.;
 - e) Default in payment of principal and / or interest including penalties on late payments and other dues, to a creditor, bank or financial institutions or default in payment of public deposit;
 - f) Failure to recover material amounts of loans, advances and deposits made by the company including trade debts and inter-corporate finances; and
 - g) Significant public or product liability claims likely to be made against the company including any adverse judgment or order made on the conduct of the company.
- iii) The CFO shall process and furnish all the information required for decision-making by the Board of Directors and the Chief Executive Officer / MD.

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iv) The CFO shall provide all the necessary data to be presented in the 'Directors Report' prepared under section 184 of the Companies Act 1994, and shall ensure the following:

- (a) The financial statement, prepared by the management of the company, present fairly its states of affairs, the result of its operation, cash flows and changes in equities;
- (b) Proper books of accounts of the company have been maintained;
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- (d) International accounting standards, as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- (e) The system of internal control is sound in design and has been effectively implemented and monitored;
- (f) There are no significant doubts upon the company's ability to continue as going concern; and
- (g) There has been no material departure from the best practice of corporate governance as detailed in the Listing Regulations of concerned Authority (IDRA/BSEC/BB/RJSC etc.).

v) In addition thereto the CFO shall also provide necessary data on the following additional statements to be presented in the said Directors ' Report:

- a) Industry outlook and possible future development in the industry.
- b) Segment-wise or product-wise performance.
- c) Risks and concerns.
- d) A discussion of Cost of Goods sold, Gross Profit Margin and Net Profit Margin;
- e) Discussion on continuity of any extra-Ordinary gain or loss;
- f) Basis for related party transactions — a statement of all related party transactions should be disclosed in the annual report;
- g) Utilization of proceeds from public issues, right issues and / or through any other instruments;
- h) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Right Offer, Direct Listing etc.;
- i) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual report;
- j) Remuneration to Directors including Independent Directors ;

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k) The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

l) Proper books of accounts of the company have been maintained;

m) 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;

n) 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.

o) The system of internal control is sound in design and has been effectively implemented and monitored;

p) There are no significant doubts upon the company's ability to continue as a going concern, and if the company is not considered to be a going concern, the fact along with reasons thereof should be given;

q) Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained;

r) Key operating and financial data of at least preceding five years shall be summarized;

s) Reasons shall be given if the company has not declared dividend (cash or stock) for the year;

t) Number of Board Meetings held during the year and attendance by each

director shall be disclosed;

u) The pattern of shareholding shall be reported to disclose the aggregate

number of shares (along with name-wise details) held by:

i) Parent / Subsidiary / Associated Companies and other related parties (name-wise details);

ii) Directors , Chief Executive Officer, Company secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name-wise details);

iii) Top 10 (ten) salaried employees of the company other than the Directors , Chief executive Officer, Company secretary, Chief financial Officer and head of Internal Audit; and

iv) Shareholders holding five percent or more voting interest in the company (name-wise details);

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- v) In case of the appointment / re-appointment of a director, the company shall disclose the following information to the shareholders:
- i) A brief resume of the director;
 - ii) Nature of his / her expertise in specific functional areas; and
 - iii) Names of companies in which the person also holds the Directors hip and the membership of committees of the Board.
- vi) The CFO of the company shall attend the meetings of the Board of Directors provided that the CFO shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to his/her personal matters.
- vii) The CEO/MD and the CFO shall jointly certify to the Board that —
- a) They have reviewed financial statements for the year and to the best of their knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's Code of Conduct and applicable laws of the State/GOB.
 - c) The Certification of the MD or CEO shall be disclosed in the Annual Report.

Head of Internal Audit & Control:

The Head of Internal Audit & Compliance (HIAC) is to management Audit unit of the Company therefore should suitably be qualified and possess wide experience in internal audit and its management. The Board of Directors of the Company defines the roles, responsibilities and duties of the Head of Internal Audit (Internal Control and Compliance) as follows:

- i) Shall plan, direct, control and motivate the resources available to ensure that the responsibilities of the internal audit are met.
- ii) Shall participate in the recruitment and selection of his staff. (New entrants to internal audit work should have time to familiarize themselves with the activities of the internal audit unit and the company and to demonstrate their suitability for audit work;

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- iii) Shall promote and maintain adequate quality standards, establish methods or evaluating the work of his/her staff to ensure that the internal audit unit fulfils its responsibilities;
- iv) Shall prepare the internal audit plan and arrange the timing of internal audit assignments in consultation with the management concerned, except on those rare occasions where an unannounced visit is a necessary part of the audit approach;
- v) Shall establish arrangements:
- a. to allocate internal audit assignments according to the level of and proficiency of internal audit staff;
 - b. to ensure that internal auditors clearly understand the responsibilities and internal audit objectives;
 - c. to communicate the scope of work to be performed and agree the program of work with each internal auditor;
 - d. to provide and document evidence of adequate supervision, review and guidance during the internal audit assignment;
 - e. to ensure that adequate working papers are prepared to support internal audit findings and conclusions; and
 - f. to ensure that internal audit's performance is in accordance with the internal audit plan or that any significant variations have been explained;
- vi) shall establish arrangements to evaluate the performance of the internal audit unit in which he/she gives an assessment of how effectively the objectives of the function have been met;
- vii) shall carry out independent appraisal of the effectiveness of the policies, procedures and standards by which the company's financial, physical and information resources are managed;
- viii) shall act as facilitator in business risk management;
- ix) shall manage regulatory risks and controls for the assigned regulation, law or line of business to ensure compliance with applicable laws and regulations;
- x) shall work with management to ensure a system is in place which ensures that all major risks of the company are identified and analyzed;

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xi) shall plan, organize and carry out the internal audit function including preparation of audit plan, scheduling, assigning work and estimating resource needs;

xii) shall report to both the Audit Committee and the management on the policies, programs and activities of internal audit department;

xiii) shall co-ordinate coverage with the external auditors and ensure that each party is not only aware of the other's work but also well briefed on areas of concern;

xiv) shall make recommendations on the systems and procedures being reviewed, report on the findings and recommendations and monitor management's response and implementation;

xv) shall review and report on the accuracy, timeliness and relevance of the financial and other information that is provided for management;

xvi) shall conduct any reviews or tasks requested by the audit committee and management provided that such reviews and tasks do not compromise the independence or objectivity of the internal audit function;

xvii) shall provide both the management and the audit committee with an opinion on the internal controls in the company; and

xviii) shall monitor and evaluate operations, programs, processes and / or practices for quality and effectiveness and to make recommendations for improvement.

Internal audit reports provide a formal means of communicating to management the results arising from audit undertaken. Such reports should include audit findings, recommendations and conclusions relating to the adequacy of and compliance with the system of internal control and the efficiency, effectiveness and economy of operations in the area covered by the audit. The aim of every internal audit report should be:

a) to prompt management action to implement recommendations for change leading to improvement in performance and control; and

b) to provide a formal record of points arising from the internal audit assignment and, where applicable, of agreements reached with management.

The Head of Internal Audit and Compliance should produce clear, constructive and concise transparent/accurate written reports based on sufficient, relevant and reliable evidence, which should:

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- a) State the scope, purpose, extent and conclusions of the internal audit assignment;
- b) Make recommendations which are appropriate and relevant, and which flow from the conclusions; and
- c) Acknowledge the action taken, or proposed, by management.

Internal audit evidence is information obtained by an internal auditor which enables conclusions to be formed on which recommendations can be based. The Internal auditor shall determine what evidence will be necessary by exercising judgment in the light of the objectives of the internal audit assignment. This judgment will be influenced by the scope of the assignment, the significance of the matters under review, the relevance and the reliability of available evidence and the cost and time involved in obtaining it. The collection and assessment of Internal audit evidence shall be recorded and reviewed to provide reasonable assurance that conclusions are soundly based and internal audit objectives achieved.

While the Head of Internal Audit and Compliance may clear minor matters which do not indicate a consistent or systematic weakness with members of staff directly involved, matters of consequence should be reported formally in writing to management and the Audit Committee.

The Head of Internal Audit and Compliance should ensure that reports are sent to the Audit Committee as well as to the managers who have a direct responsibility for the unit or function being audited and who have the authority to take action on the internal audit recommendations.

It is management's responsibility to ensure that proper consideration is given to internal audit reports. The Head of Internal Audit should ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. The status of implementation, in respect of matter of consequence, so determined should be reported to the appropriate levels of management and to the Audit Committee to enhance internal audit effectiveness.



Company Secretary:

The Company Secretary acts as a mediator between the company, its Board of Directors, Shareholders, Stakeholders, Government and Regulatory authorities. The Company Secretary therefore should be a person who has expertise in corporate laws, security laws and corporate governance. Although the Company Secretary's role can be very diverse, the typical roles, responsibilities and duties of the Company Secretary are legal obligations as well as which results from best practice with a view to meet with the requirements of the Corporate Governance Guidelines of the Commission, the Board of Directors of the company defines as under the typical role, responsibilities and duties of the Company Secretary which are legal obligations and those which results from best practice including but not limited:

- 1) To act in good faith in the interests of the company;
- 2) Not to act for any collateral purpose;
- 3) To avoid conflicts of interest;
- 4) Not to make secret profits from dealings for and on behalf of the company;
- 5) To ensure that the procedure for the appointment of Directors is properly carried out and assist in the proper induction of Directors ;
- 6) To facilitate acquisition of information by all Board and Committee members so that they can maximize their ability to contribute to Board / Committee Meetings, discussions etc.
- 7) To organize Board / Committee meetings formulating meeting agenda the Chairperson and / or Managing Director and advice the management on contents for organization of Memorandum or Presentations for the Meeting;
- 8) To assist the Chairperson and Directors in the conduct of the meetings and their directorial and governance obligations and responsibilities;
- 9) To raise in the meeting matters which may warrant attention of the Board;
- 10) To ensure compliance with all relevant statutory and regulatory requirements;
- 11) To communicate with the shareholders as appropriate and to ensure that due regard is paid to their interest;

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12) To ensure that Annual General Meeting is held in accordance with the requirements of the Companies Act, Security laws and the company's Articles of Association, prepare and issue notices of Meeting, obtain internal and external documents, data and information from the management for incorporation in the Annual Report, distribute Proxy Forms, prepare the Chairperson's agenda for conducting the Meeting, and at meetings to ensure that proxy forms are correctly processed and that voting is carried out accurately and record minutes of the meetings;

13) To make sure that the company complies with requirements of security laws, to maintain relations with Stock Exchange and to relay and disseminate information regarding the company to the market.

14) To maintain statutory registers regarding the members, charges, Directors and managers, debentures, debenture holders etc. as per requirements of the Companies Act.

15) To prepare and submit Annual Report, amended Memorandum & Articles of Association, Returns in respect of allotments, of appointments, removal and resignation of Directors and the managers, of removal or resignation of the auditors, of change of registered office, of Mortgage & Charges and of Satisfaction thereof etc in compliance with the requirements of the Companies Act with the Registrar of Joint Stock Companies, Government of Bangladesh;

16) To cause publication of Annual Report and Accounts;

17) To maintain the company's register of members and deal with questions of the shareholders and transfer of share-holding etc.;

18) To communicate with shareholders, both individual and institutional, through circulars and notices and to ensure payment of dividends;

19) To keep an eye on both the register of members maintained by the company and that maintained by the Depository (CDBL) to see if any stakeholder is aiming at taking over the company; and

20) To attend the meetings of the Board of Directors provided that the Company Secretary shall not attend such part of a meeting of the Board of Directors that involves consideration of an agenda item relating to his/her personal matters.

21) To prepare agenda of all meetings with consultation of CEO/Managing Director and thereafter will take approval from the Chairperson of the Company before summoning the meetings.

22) In addition to maintain following records:

- (a) Number of Board Meetings held during the year and attendance by each director shall be disclosed;

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- (b) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name-wise details) held by:
- i) Parent / Subsidiary / Associated Companies and other related parties (name-wise details);
 - ii) Directors , Chief Executive Officer, Company secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name-wise details);
 - iii) Top 10 (ten) salaried employees of the company other than the Directors , Chief executive Officer, Company secretary, Chief financial Officer and head of Internal Audit; and
 - iv) Shareholders holding five percent or more voting interest in the company (name-wise details);
 - v) In case of the appointment / re-appointment of a director, the company shall disclose the following information to the shareholders:
 - i) A brief resume of the director;
 - ii) Nature of his / her expertise in specific functional areas; and
 - iii) Names of companies in which the person also holds the Directors hip and the membership of committees of the Board.

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Code of Conduct for Board Members

Introduction:

This Code of Conduct sets forth for outlining the role, responsibilities and norms for the Board of Directors and top executives of Prime Insurance Company Ltd. Board of Directors should have a chartered; and the chartered of the Board describes the standards of ethical behavior that each director is expected to uphold.

However, the code of Conduct outlining the roles of the Board, it does not address every situation and it is not a substitute for a director's exercise of good judgment and common sense.

A director who has a question about a particular situation may be or may not be a built-in provision of this code, but the NRC committee may be a councilor to specifically answer the question of the mentioned Directors from the inside or outside legal counsel as appropriate.

Company as a legal entity is committed to conduct business in accordance with the highest standards of business ethics and intended to comply with the applicable laws, rules and regulations of Bangladesh. In furtherance of this commitment, the Board of Directors promotes ethical behavior and has adopted this Code of Business Conduct and Ethics for Directors ("Code") of Prime Insurance Company Limited.

Why Code:

It defines the purpose of the Code of Conduct. Usually, Code of Conduct is formulated for the ethical and professional standard to be set out and implemented for the corporate industry in Bangladesh.

Meeting the objectives of the company is the core responsibilities of the Board of Directors and top executives of the company. Therefore, values and principles exist in the company are the outcome of the joint effort of the Board and management. Thus Code of Conduct are now become integral part of the corporate governance guideline.

A Code is a realistic document and it has value for both as internal guideline and an external statement of corporate values and commitments.

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A well-written Code of Conduct clarifies an organization's mission, vision, values and principles linking them with standards of professional etiquette. The Code articulates the values of the organization. As a result, Code of Conduct or ethics may become benchmarks to measure individual and organizational performance. Additionally, a Code is a central guide and reference for employees to support day-to-day decision making. A Code encourages discussions of ethics and † compliance, empowering employees to handle ethical dilemmas they encounter in everyday works. It can also serve as a valuable reference, helping employees, locate relevant documents, services and other resources related to ethics within the organization.

The Code creates a common vocabulary and a sense of the ethical requirements for serving to the Board of Directors. It facilitates dialogue about ethical issues and goes a long way towards ensuring that well-intentioned people will not mistakenly choose the wrong path when confronting situations not adequately addressed in policy, procedure, law, regulation or by-laws and Terms of Reference.

Bangladesh Securities and Exchange Commission has made obligatory for the listed companies to form a Code of Conduct for the Board of Directors and top executives to ensure the proper practice of corporate ethics. Code of ethical and professional standard however guided by the Bangladesh Securities & Exchange Commission is however become an essential part for all listed companies to carry out the functions of the Board of Directors as well as top managements effectively and efficiently.

Why required in Prime Insurance Company:

It is a general guideline for listed companies in Bangladesh. Prime Insurance Company Ltd. is a "A" category company enlisted in the Dhaka and Chittagong Stock Exchanges. The prescribed guideline and Code of Conduct of Prime Insurance Company Ltd. will specify the nomination and remuneration policy, ethical and professional standards of the company. Therefore, Prime is implanting the code of conduct both for complying the guideline of the Corporate Governance Code and to develop the organizational behavior in terms of the Board's chartered and corporate ethics.

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Code No. 6(7)(a) of the corporate governance code, there will be charter of the Board , its chairperson, Board members, Directors , Board committees, Chief Executive Officers/Managing Director, Chief Financial Officers, Internal Auditors and Compliances and Company Secretary including the Senior Management and Key Managerial Executives.

The Board of Directors & their Charter:

This Board Charter (“Charter”) is designed to provide lays down clearly the responsibilities, functions and terms of reference within which the Board, Board Committees and individual Directors play their roles distinct from the management (“Management”) to ensure business integrity and maintains investors’ confidence in accordance with prime’s corporate objectives.

The Board of Directors (“Board”) of PICL believes that strong corporate governance is essential for delivering sustainable value to its stakeholders. In adhering to the responsibilities set out in this Charter, Board members are expected to perform their duties with integrity, honesty and in a professional manner in accordance with the law in serving the interests of its shareholders, clients, employees, the community and other stakeholders. As a result, it is committed to good corporate governance. It should be noted that this Charter serves as a reference to the Board members in executing their responsibilities. The provisions contained in this Charter neither replace nor supersede the laws of Bangladesh or the applicable regulatory frameworks.

Composition/Formulation of the Board:

The Board consists of qualified individuals with a diverse set of skills, experience and knowledge necessary to govern the Company. The listing regulations of the Dhaka Stock Exchange Limited granted for a maximum of twenty (20) Directors and a minimum of Five (5) Directors . The composition has to fulfill the Bangladesh Securities and Exchange commission and or Insurance Development and Regulatory Authority which one is suitable to size of the Board will be reviewed from time to time to ensure its face the reality in line with existing Board structure. The composition and suitability to facilitate the decision making of the Company. The independent Directors provide the strong independent element to the Board to ensure that all matters are reviewed with

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objectivity, balance and fairness. The Board shall identify two independent non-executive Directors to be appointed who will attend to any query or concern raised by the shareholders as an alternative to the existing formal channel of communication with shareholders. The Board is committed to workplace diversity, with a particular focus on supporting the representation of women in the composition of Board of the Company. The Board, through Nomination Committee, will conduct all Board members appointments, supporting the election committee and re-election, reappointment, retirement as per prescribed law.

Nomination criteria or policy for determining qualifications:

Pursuant to the section 92 of the Companies Act 1994, "restrictions on appointment or advertisement of director" clause indicated that, the proposed director should hold the minimum shares called to him/her.

The call of shares not limited to the power and determination of the regulatory body but also the practice of ensuring the compliance and meeting the regulatory requirements from time to time. Written consent of the candidate for Directors hip to be ensured as per section 93 of the Companies Act 1994 which will be placed before the NRC for their scrutiny. Section 94 about the disqualification of the Directors and section 97 about the qualification of the Directors shall be read with i.e. listing regulation 2015, corporate governance code 2018 along with other applicable laws. NRC should recommend the nomination and removal of the Board members based on the retirement and re-election procedures in the AGM for normal circumstances. Election Procedures prescribed in the Insurance Rules 1958 to elect public subscribers shareholders be recommended to the Board by the NRC. Nomination, appointment and co-option of the Board members shall be a formal process prescribed in the Insurance laws, laws of Bangladesh Securities and Exchange Commission (BSEC), conditions stipulated in the companies Act including other applicable laws.

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The Nomination Committee is responsible to recommend appointment of new candidates to the Board of Directors by considering the required mix of skills, experience, qualities, time commitment and diversity, including gender, ethnicity and age, where appropriate and the Board shall deliberate and determine any appointment of a new director upon the recommendation from the Nomination Committee, which should comprise exclusively of non-executive Directors and at least one independent



director. The Articles of Association of the Company provides that every newly appointed director is subject to re-election at the immediate Annual General Meeting (“AGM”) and at every AGM, the Board members shall retire as seniority basis from the office and be eligible for re-election at every AGM as per relevant laws, rules and regulations applicable in this behalf.

Positive attributes & experience including independence of the Directors:

Board may time to time advise the NRC to hold the meeting with its purpose however; recommendations of the NRC should not in any case be influenced by the Board. Audit committee and Board however have the right to call and clarify and to call and to receive clarification on the disputed ground. Committee members of the NRC are independent to clarify and settle the decisions and recommendations as per their own judgment. At least two members of the NRC shall be financially literate and enough capabilities to judge the terms and conditions of the NRC.

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Policy of formal process of considering remuneration of Directors & top level executives:

A separate policy for considering the remuneration of Directors and top level management shall be prepared as an annexure of the Code of conduct.

The Directors ' Should Follow:

As a Director of Prime Insurance Company Limited, he/she must follow the below listed items (but not limited to).

Compliance with Laws, Rules and Regulations:

The Company requires strict compliance by all its Directors with applicable laws, rules and regulations. These include BSEC's Securities Laws and other securities laws, including insider trading laws and the Company's insider trading compliance policies.

Directors ' Duties:

All Directors of the Company stand in a fiduciary relationship to the Company. As fiduciaries, Directors must act honestly, in good faith, and in the best interests of the Company. Directors will be held to strict standards of honesty, integrity and loyalty. A director shall not put personal interests ahead of the best interests of the Company.

Directors must avoid situations where their personal interests will conflict with their duties to the Company. Directors must also avoid situations where their duties to the Company may conflict with duties owed elsewhere.

Respectful Conduct:

It is recognized that Directors bring to the Board diverse background, skills and experience. Directors will not always agree with one another on all issues. All debates shall take place in an atmosphere of mutual respect and courtesy.

The authority of the chair must be respected by all Directors -

Corporate Obedience — Board Solidarity:

Directors acknowledge that properly authorized Board actions must be supported by all Directors. The Board speaks with one voice. Those Directors who have abstained or voted against a motion must adhere to and support the decision of a majority of the Directors.



Obtaining Advice of Counsel:

Request to obtain outside opinions or advice regarding matters before the Board may be made through the chair-

Board Spokesperson:

The Board has adopted a policy with respect to designating a spokesperson on behalf of the Board. Only the chair or designated person may speak on behalf of the Board.

The CEO/Managing Director or their designated person may speak on behalf of the organization. No director shall speak or make representations on behalf of the Board unless authorized by the chair or the Board. When so authorized, the Board member's representations must be consistent with accepted positions and policies of the Board.

Compliance with Laws, Rules and Regulations:

Directors shall comply with all applicable laws, regulations and rules, and with the Prime Insurance Company Limited Insider business Policies.

Board of Directors ' Code of Ethics:

Members of the Board (including Non-Executive Independent Directors and ex officio members of the Board) shall at all times abide by and conform to the following code of conduct in their capacity as Board members.

Each member of the Board of Directors will abide in all respects by the Code of Ethics and all other rules and regulations of the Company (including but not limited to the Company's articles of incorporation and bylaws) and will ensure that their membership (or the membership of the entity for which they serve as officer, director, employee, or owner, as the case may be) in the company remains in good standing at all times. Furthermore, each member of the Board of Directors will at all times obey all applicable state and local laws and regulations and will provide or cause to provide the full cooperation of the association when requested to do so by those institutions and their persons set in authority as are required to uphold the law.

Members of the Board of Directors will conduct the business affairs of the company in good faith and with honesty, integrity, due diligence, and reasonable competence. Except as the Board of Directors may otherwise

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require or as otherwise required by law, no Board member shall share, copy, reproduce, transmit, divulge or otherwise disclose any confidential information related to the affairs of the company and each member of the Board will uphold the strict confidentiality of all meetings and other deliberations and communications of the Board of Directors .

Members of the Board of Directors will exercise proper authority and good judgment in their dealings with company staff, suppliers, and the general public and will respond to the needs of the company's members in a responsible, respectful, and professional manner.

No member of the Board of Directors will use any information provided by the association or acquired as a consequence of the Board member's service to the association in any manner other than in furtherance of his or her Board duties. Further, no member of the Board of Directors will misuse company property or resources and will at all times keep the company's property secure and not allow any person not authorized by the Board of Directors to have or use such property.

Each member of the Board of Directors will use his or her best efforts to regularly participate in professional development activities and will perform his or her assigned duties in a professional and timely manner pursuant to the Board's direction and oversight.

Upon termination of service, a retiring Board member will promptly return to the company all documents, electronic and hard files, reference materials, and other property entrusted to the Board member for the purpose of fulfilling his or her job responsibilities. Such return will not abrogate the retiring Board member from his or her continuing obligations of confidentiality with respect to information acquired as a consequence of his or her tenure on the Board of Directors .

The Board of Directors dedicates itself to leading by example in serving the needs of the association and its members and also in representing the interests and ideals of the Company at large.

No member of the Board of Directors shall persuade or attempt to persuade any employee of the Company to leave the employ of the Company or to become employed by any person or entity other than the Company. Furthermore, no member of the Board of Directors shall

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persuade or attempt to persuade any member, exhibitor, advertiser, sponsor, subscriber, supplier, contractor, or any other person or entity with an actual or potential relationship to or with the Company to terminate, curtail, or not enter into its relationship to or with the Company or to in any way reduce the monetary or other benefits to the Company of such relationship.

The Board of Directors must act at all times in the best interests of the Company and not for personal or third-party gain or financial enrichment. When encountering potential conflicts of interest, Board members will identify the conflict and, as required, remove them from all discussion and voting on the matter. Specifically, Board members shall follow these guidelines:

- a. Avoid placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of the Company; while the receipt of incidental personal or third-party benefit may necessarily flow from certain Company activities, such benefit must be merely incidental to the primary benefit to the Company and its purposes;
- b. Do not abuse Board membership by improperly using Board membership or the Company's staff, services, equipment, resources or property for personal or third-party gain or pleasure: Board members shall not represent to third parties that their authority as a Board member extends any further than that which it actually extends;
- c. Do not engage in any outside business, professional or other activities that would directly or indirectly materially adversely affect the Company;
- d. Do not engage in or facilitate any discriminatory or harassing behavior directed toward Company staff, members, officers, Directors, meeting attendees, exhibitors, advertisers, sponsors, suppliers, contractors, or others in the context of activities relating to the Company;
- e. Do not solicit or accept gifts, gratuities, free trips, honoraria, personal property, or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donor with respect to matters pertaining to the association without fully disclosing such items to the Board of Directors : and

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- f. Provide goods or services to the association as a paid vendor to the Company only after full disclosure to and advance approval by, the Board, and pursuant to any related procedures adopted by the Board.

Creating the behavioral standards:

While organizational values are the foundation of a viable code, it is the language used to translate ideals into behaviors that makes a code a critical document for Boards. Perhaps the simplest examples of that are "honesty" and "fairness". Both of these values have stimulated a good deal of public debate in recent years.

Code often includes a simple "business" definition of the core values they are presenting as foundational for the Board's conduct, such as:

Honesty -Being candid, open, truthful and free from deception and deceit in all actions. Telling the truth even when doing so may be difficult being forthcoming with all relevant facts and information.

Fairness - Consistently applying the same ethical standards to every person and situation. Acting in ways which do not provide inappropriate advantages or disadvantages to any party, or which could reasonably create the appearance of such advantage or disadvantage.

A code is also a very pragmatic document. Typically the values and principles presented that an individual director or the Board collectively might encounter in the course of exercising their responsibilities. For example, the description of how the Board is expected to act fairly, a code would typically detail how fairness plays out on Boards - issues of independence, conflicts of interest, and the need to separate personal needs from those of the organization.

The code describes the underlying principles and values so that a director can better understand and meet the expectations and requirements of the organization, even in cases not articulated in any document. The code creates a common vocabulary, and a sense of the ethical requirements for serving on a Board. It facilitates dialogue about ethical issues and goes a long way towards ensuring that well-intentioned people will not mistakenly choose the wrong path when confronting situations not adequately addressed in policy, procedure, law, regulation or by-laws.

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Every Director must.

- (i) Represent the interests of the shareholders of the Company;
- (ii) Exhibit high standards of integrity, commitment and independence of thought and judgment;
- (iii) Dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties; and
- (iv) Comply with every provision of this Code.

Business Relationships with Directors:

Any direct or indirect monetary arrangement for goods and services between a Director or a member of the Director's immediate family and the Company or a member of the Company's senior management must be approved by the Board of Directors and shareholders in the general meeting.

Such approval shall not be required where-The interest of the Director or family member is solely due to such person's status as a Director or the collective ownership by the Director and his or her family members of less than a 10% equity interest in the entity with which the Company has concluded such an arrangement;

Neither the Director nor a member of his or her immediate family is personally involved in (a) the negotiation or execution of the arrangement; (b) the performance of services or provision of goods pursuant to the arrangement; or (c) the monetary aspects of the arrangement.

Use of Corporate Information, Opportunities and Assets: Directors may not compete with the Company or use opportunities that are discovered through the use of Company information or their position with the Company for their own personal benefit or for the benefit of persons or entities outside the Company. Directors may not waste or improperly use any Company asset.

Company's Chairperson and any employee, officer, director or advisor of Prime Insurance Company Ltd and its affiliated entities who also serves as an officer or Director of the Company (each a "Covered Party") are not prohibited from, and the Company has renounced any interest or expectancy in, or being offered an opportunity to participate in any investment opportunities in Securities that may come to the attention of any Covered Party other than investment opportunities that come to such

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Covered Party's attention directly and exclusively in such Covered Party's capacity as director, officer or employee of the Company; control investments in companies in the mass merchandising, retailing, commercial appliance distribution, product protection agreements, residential and commercial product installation and repair services and automotive repair and maintenance industries.

A Director/CEO/CFO/Company Secretary shall never use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company. Director/CEO/CFO/Company Secretary shall not disclose Confidential Information outside the Company either during or after their service with the Company except with the express or implied consent of the Board or as required by law.

Pursuant to their fiduciary duties of loyalty and care, Director/CEO/CFO/Company Secretary are required to protect and hold confidential all non-public information obtained due to their position with the Company.

Accordingly,

- (i) No Director/CEO/CFO/Company Secretary shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and
- (ii) No Director/CEO/CFO/Company Secretary shall disclose Confidential Information outside the Company, either during or after his or her service with the Company, except with authorization of the Board of Directors or as may be otherwise required by law.

"Confidential Information" means all non-public information entrusted to or obtained by a Director/CEO/CFO/Company Secretary by reason of his or her position with the Company. It includes, but is not limited to, non-public information that might be useful to competitors or harmful to the Company or its customers if disclosed, such as

Non-public information about the Company's financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as

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information relating to mergers and acquisitions, stock repurchases and divestitures.

Non-public information concerning possible transactions with other companies or information about the Company's customers, suppliers or joint venture partners that the Company is under an obligation to maintain as confidential; and

Non-public information about discussions and deliberations relating to business issues and decisions between and amongst employees, officers and Directors.

Waiver:

Waivers of a provision of this Code can only be made by the Board of Directors, and shall be granted only in very exceptional circumstances. The Company shall disclose any such waiver and the reasons for it, in accordance with legal and regulatory requirements. A Director who becomes aware of a circumstance that may require a waiver shall promptly bring the circumstance to the attention of the Chairperson of the Audit Committee.

Prime Insurance Company Ltd Limited is committed to demonstrating the high standards of ethical behavior expected by its valuable customers countrywide, shareholders, employees and other stakeholders. The Board of Directors is accountable for establishing the framework that creates the culture of integrity. The Board's Audit Committee specifically oversees compliance by the company and its employees with laws, regulations and the company's policies. Board members are responsible for complying with laws and regulations, including insider trading rules relating to securities transactions and reporting as well as avoiding behavior that might compromise the company's success.

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While no policy can anticipate every situation, the following Code of Conduct serves as ethical decision-making guidelines for the Board. Each director should comply with the letter and spirit of this Code of Conduct.

Conflicts of Interest:

Directors must avoid conflicts of interest. A conflict of interest occurs when-



A Director's private interests interfere in any way, or can reasonably be expected to interfere in any way, with the interests of the Company;

A Director or a member of his or her immediate family receives an improper personal benefit as a result of the Director's position as a Director of the Company: or

A Director has other duties, responsibilities or obligations that run counter to his or her duty to the Company. A Director must immediately disclose to the Chairperson of the Audit Committee and the Chairperson of the Board any situation that involves, or may reasonably be expected to involve, a conflict of interest. While this Code does not attempt to describe all possible conflicts of interest that could arise, the following are some of the conflicts of interest that Directors must avoid:

Receiving loans or guarantees of obligations as a result of one's position as a Director;

Engaging in conduct or activity that improperly interferes with the Company's existing or prospective business relationships with a third party;

Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company; and

Accepting, or having a member of a Director's immediate family accept, a gift from persons or entities that deal with the Company, in cases where the gift, considered in light of the totality of the circumstances, would reasonably be expected to influence the Director's actions as a member of the Board.

Avoiding Conflicts of Interests:

Directors should avoid any conflicts between their interests and the Company's interests. A conflict of interest can occur when a director's personal interest is adverse to the interests of the company or when a director (or a family member) receives improper personal benefits as a result of his/her position as a director. To avoid any appearance of impropriety, Directors must hold themselves to the highest ethical standards, understanding that the perception of a conflict can be as damaging as an actual conflict of interest.

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It is difficult to describe all possible conflicts of interest, but several of the more common conflicts are listed below-

Business Relationships:

Directors should always act in the company's best interests and in a manner that contributes to positive relationships with customers, suppliers, partners and others.

Compensation from Non-Company Sources:

Directors may not accept compensation (in any form) from any source other than director's fee.

Gifts:

Directors and members of their families may accept gifts of nominal value as long as they aren't being made to influence the Directors' actions and don't create the appearance of a conflict of interest.

Personal Use of Company Assets:

Directors may occasionally use company assets and labor for personal reasons if they limit the use to nominal value or get approval from the chair of the NRC of the Company, or as part of the compensation and expense reimbursement program available to all Directors.

Pursuing Business Opportunities:

Directors may not compete for, or pursue either personally or on behalf of another firm, company business opportunities, including opportunities that are discovered through the use of company property, information or their position as a director.

Reporting Violations:

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Directors should communicate any suspected violations of this Code promptly to the Chairperson of the Audit Committee. Suspected violations shall be investigated by or at the direction of the Board or the Audit Committee. And appropriate action shall be taken in the event that a violation is confirmed.

If Directors have questions or suspect a violation of this Code, they should talk to the chair of the Audit Committee. The Audit Committee (or a designate) will investigate violations and take appropriate action. Waivers of this Code may be made only by the Audit Committee and must be disclosed in accordance with applicable legal requirements.

Directors who are also company officers should use the Employee Code of Conduct, along with this Code, as their guide.

Fair Dealing:

Directors must deal fairly with the Company's employees, customers, suppliers and competitors. No Director may take unfair advantage of the Company's employees, customers, suppliers, or competitors through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Accountability:

The Code referred to herein is mandatory and applies to all Directors, who are accountable for compliance with the Code. Directors should communicate any suspected violations of this Code promptly to the Chairperson of the Nomination and Remuneration Committee and the Chairperson of the Board. Suspected violations will be investigated by or at the direction of the Board or the Nomination and Remuneration Committee, and appropriate action will be taken in the event that a violation is confirmed.

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Composition of Board of Prime Insurance Company Limited

- | | |
|---|------------------------|
| 1. Mr. Md. Nazrul Islam | - Chairman |
| 2. Mr. <u>Suzadur Rahman</u> | - Vice-Chairman |
| 3. Mr. <u>Mohd. Showkot Ali</u> | - Director |
| 4. Mr. A. K. M Monirul Islam | - Director |
| 5. Mr. A. N. M. Shahidul Haque | - Director |
| 6. Mr. Md. Salim Mahmud | - Director |
| 7. Mr. <u>Suranjan Ghosh</u> | - Director |
| 8. Mr. Mohammad Abdullah | - Director |
| 9. Mr. Md. Akter Hossain <u>Sannamat FCA, FCS</u> | - Independent Director |
| 10. Mr. Nurul Islam <u>Mollah</u> | - Independent Director |

Conclusion:

A code is also a very pragmatic document. Typically the values and principles presented are illustrated with several operational examples of the very types of dilemmas and ambiguities that an individual director or the Board collectively might encounter in the course of exercising their responsibilities. For example, in the description of how the Board is expected to act fairly, a code would typically detail how fairness plays out on Boards - issues of independence, conflicts of interest, and the need to separate personal needs from those of the organization. The by-laws may offer direction to the Board regarding the resolution of conflicts of interest - e.g. recusal from voting on a particular decision.

Defining the values in behavioral (as opposed to philosophical or academic) language is a necessary prelude to creating the body of the code.

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Events have highlighted both how important and how difficult it can be to create language that is both detailed enough to provide meaningful guidance and broad enough to cover all relevant circumstances.

The code describes the underlying principles and values so that a director can better understand and meet the expectations and requirements of the organization, even in cases not articulated in any document. The code creates a common vocabulary, and a sense of the ethical requirements for serving on a Board. It facilitates dialogue about ethical issues and goes a long way towards ensuring that well-intentioned people will not mistakenly choose the wrong path when confronting situations not adequately addressed in policy, procedure, law, regulation or by-laws.

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Chapter 2: NRC- Terms of Reference (TOR)

Summary:

The terms of reference (ToR) of the nomination and remunerator committee prepared based on the provision stipulated in the condition no 6(5) (a) (b) of the corporate governance code. Few of the references used in the code and policy were revised in this section due to the requirements of the aforementioned conditions.

Constitution of Nomination and Remuneration Committee (NRC):

The NRC will be constituted in line with the following terms and condition as per Corporate Governance Code dated June 3, 2018 issued by the Bangladesh Securities and Exchange Commission vide Gazette notification dated June 10, 2018:

- (a) The Committee shall comprise of at least three members including an independent director; Provided that for the purpose of PICL the NRC shall comprise of 6 (six) 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;
- (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;
- (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;

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(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.

Composition of the NRC Committee:

- | | |
|--|-----------|
| 1. Mr. Md. Akter Hossain <u>Snammat</u> FCA, FCS | -Chairman |
| 2. Mr. <u>Suzadur</u> Rahman | -Member |
| 3. Mr. A.N.M. Shahidul Haque | - Member |
| 4. Mr. Salim Mahmud | -Member |
| 5. Mr. A.K.M. Monirul Islam | -Member |
| 6. Mr. Mohammad Abdullah | - Member |
| 7. Mr. Md. Nurul Islam <u>Mollah</u> | - Member |

Purpose

The purpose of the Nomination and Remuneration Committee (the "Committee") shall be to carry out the responsibility of the Board of Directors relating to executive compensation and to produce an annual report on executive compensation. The guiding principle of the Committee is to provide a compensation program that enables the Company to retain and motivate a team of high quality executives who will able to create long-term shareholder value.

Role of the NRC:

In consonant with the Corporate Governance Code dated June 3, 2018 issued by the Bangladesh Securities and Exchange Commission vide Gazette notification dated June 10, 2018 the **Role of the NRC are as follows:**

- (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:

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- (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
- (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.

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: Provided that 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 shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

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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); But in case of PICL the quorum shall be in presence of three members including an independent director.
- (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.

Attendance at Meeting:

No one other than the Nomination and Remuneration committee members shall be entitled to attend Nomination and Remuneration committee meetings. Only members of the committee have the right to attend committee meetings. However, the committee may invite executives/employees to attend meetings of the committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary. The Chief Executive Officer, the Head of Human Resources and where relevant the appropriate external advisers, may attend meetings of the Committee by invitation.

Frequency of Meetings:

The Committee shall meet at least once or as and when required in a year at appropriate intervals and otherwise as required. The Committee may consider Succession Planning, with other meetings held as required.

The frequency with which the committee needs to meet will vary depending on the nature, scale and complexity of the company and may change from time to time. The Guidance states that it is for the NRC Chairperson who will decide the frequency of meetings. For the said purpose the NRC Chairperson make give necessary directions and instructions to the Company Secretary or Managing Director/CEO and may seek any assistance.



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Outside of the formal meeting program, the Committee Chairperson will maintain a dialogue with key individuals involved in the company's governance, including the board Chairperson, the chief executive, the director, the external expert and/or lead partner and the head of HR, Admin and Compliance.

The minutes of all Committee meetings shall be circulated to members of the Board.

The Chairperson will call a meeting of the Committee if so requested by any Committee member or the Chief Financial Officer of the Company.

Quorum:

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). But in case of PICL the quorum shall be in presence of three members including an independent director.

Committee Secretary:

The Company Secretary shall be the Secretary to the Committee and shall be responsible for minuting the proceedings of all meetings of the Committee.

The Secretary or his or her nominee shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

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In this regard, it is the Secretary's responsibility to ensure that the board and its committees are properly constituted and advised, and that there is clear co-ordination between the board and the various committees.

Annual General Meeting:

The Committee Chairperson shall attend the Company's Annual General Meeting and be prepared to respond to shareholder questions on the Committee's activities.



Notice of the Meeting:

Meetings of the committee shall be convened by the Secretary of the committee or at the request of any of its members, if they consider it necessary.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than [Three] working days before the date of the meeting or if all the members agree then meeting may be called by giving notice of any shorter period. Supporting papers shall be sent to the committee members and to other attendees as appropriate at the same time.

Minutes of Meetings:

The secretary shall prepare minute, the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance. Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so in the opinion of the committee Chairperson.

Procedure:

The Committee may ask members of management or others to attend Committee meetings and provide pertinent information when needed. Two members of the Committee will constitute a quorum with a majority of votes of those Committee members present at a meeting in which a quorum has been established being sufficient to adopt a resolution or otherwise take action. The Committee may delegate any of its responsibilities to subcommittees as the Committee may deem appropriate.

Nominations & Dismissals:

a. The Committee shall review the structure, size and composition (including the skills, knowledge, independence, experience and diversity) of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary.

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b. The Committee shall evaluate the balance of skills, knowledge and experience on the Board before an appointment is made and based on such evaluation shall prepare a description of the role, capabilities and time commitment required for a particular appointment.

c. The Committee shall keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace.

d. The Committee shall be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise. In identifying suitable candidates for any appointment, the Committee shall use open advertising and/or external advisers to facilitate the search, will consider candidates from a wide range of backgrounds and must consider candidates on merit and against objective criteria, and with due regard to the benefits of diversity on the Board, including gender, and taking particular care to ensure that candidates have adequate time available to devote to the position.

e. The Committee shall also consider in respect of the Executive Directors and Corporate Officers:

(i) proposals for their appointment, re-appointment or promotion (including the term of such appointment or re-appointment): and

(ii) any proposal for their dismissal or non-reappointment or any substantial change in their duties or responsibilities or the term of their appointment. The Committee shall consider proposals for the appointment, reappointment (including the term of such appointment) or retirement of the Chairperson of the Board, Deputy Chairperson, Senior Independent Non-Executive Director and other Non-Executive Directors.

f. For the appointment of a Chairperson, the Committee shall prepare a job specification, including the time commitment expected. A proposed Chairperson's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairperson's commitments should be reported to the Board as they arise.

g. The Committee shall make recommendations concerning:

(i) suitable candidates for the role of Senior Independent Director;

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- (ii) membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the Chairperson of those committees;
- (iii) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an Executive Director as an employee of the Company; and
- (iv) the appointment of any Director to executive or other office.

Succession Planning:

- a. The Committee shall review the management's Succession Plan to ensure its adequacy, taking into account the challenges and opportunities facing the Company and accordingly what skills will be needed on the Board in the future.
- b. The Committee shall also review succession planning in the wider context of the Board as a whole.

Board Committee membership:

- a. The Committee shall recommend to the Board, after consultation with the respective Committee Chairperson, appointments to Board Committees as necessary.
- b. For both existing members of the Board and potential new appointments, the Committee will take into consideration other non-executive and executive director positions held to ensure the individual is able to allocate sufficient time to the role in question.
- c. The Committee shall consider and, if appropriate, authorize situational conflicts of interest of directors or potential directors. The Committee shall review the authorizations that have been given from time to time, but at least annually. In addition, the Committee shall review any authorization that has been given in light of any change in circumstances of which it becomes aware that may affect such authorizations.
- d. Prior to the appointment of a Director, the Committee shall ensure that the proposed appointee is required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

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Duties and Responsibilities:

The NRC shall oversee, among others, the following matters and make report with recommendation to the Board:

Responsibility to the Board of Directors

- (a) The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee 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).

Authority:

The Committee is authorized to undertake such work as is necessary to make recommendations for approval by the Board and is authorized to seek any information it requires from any employee or the Company in order to perform its duties.

The Committee is authorized to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

Reporting Responsibilities:

The Nomination and Remuneration Committee is an arm of, and responsible to, the Board of Directors to which it directly reports. The Committee is responsible for periodically updating the Board of Directors about Committee activities and making appropriate recommendations.

Corporate Governance Compliance:

- a. Ensuring that a corporate governance code of Business Conduct is established and periodically reviewed;

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- b. Reviewing policies on sensitive issues or practices such as environmental issues:
- c. Reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the Company and members of management and Company Directors: and
- d. Reviewing the Committee Terms of Reference.

Performance Appraisal, Review and Reporting Procedures:

- i. The Committee shall review at least annually its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- ii. The Committee's Report on its activities to be included in the Company's Annual Report shall detail the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- iii. The Report referred to above should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- iv. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Resources and Training:

- I. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company's Secretariat for assistance as required.
- II. The Committee shall be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members.

Remuneration Policy:

Remuneration Policy of the company will be disclosed in the annexure 3 of the NRC Code of Conduct.

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Conflicts of Interest:

Members/Directors must avoid conflicts of interest with Prime Insurance Company Limited ("the Company"). A conflict of interest occurs when but not limited to:

1. A Director's private interests interfere in any way, or can reasonably be expected to interfere in any way, with the interests of the Company;
2. A Director or a member of his or her immediate family receives an improper personal benefit as a result of the Director's position as a Director of the Company; or
3. A Director has other duties, responsibilities or obligations that run counter to his or her duty to the Company.

A Member/Director must immediately disclose to the Chairperson of the Committee and the Chairperson of the Committee at any situation that involves, or may reasonably be expected to involve, a conflict of interest. While this Code does not attempt to describe all possible conflicts of interest that could arise, the following are some of the conflicts of interest that Directors must avoid:

-Receiving loans or guarantees of obligations as a result of one's position as a Director;

Engaging in conduct or activity that improperly interferes with the Company's existing or prospective business relationships with a third party;

-Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company: and

Accepting, or having a member of a Director's immediate family accept, a gift from persons or entities that deal with the Company, in cases where the gift, considered in light of the totality of the circumstances, would reasonably be expected to influence the Director's actions as a member of the Board.

Business Relationships with Members/Directors:

Any direct or indirect monetary arrangement for goods and services between a Member/Director or a member of the Member's/Director's immediate family and the Company or a member of the Company's senior management must be approved by the Board of Directors.

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Such approval shall not be required where:

1. The interest of the Director or family member is solely due to such person's status as a Director or the collective ownership by the Director and his or her family members of less than a 10% equity interest in the entity with which the Company has concluded such an arrangement;
2. Neither the Director nor a member of his or her immediate family is personally involved in
 - a. the negotiation or execution of the arrangement;
 - b. the performance of services or provision of goods pursuant to the arrangement; or
 - c. the monetary aspects of the arrangement.

Use of Corporate Information, Opportunities and Assets:

Members/Directors may not compete with the Company or use opportunities that are discovered through the use of Company information or their position with the Company for their own personal benefit or for the benefit of persons or entities outside the Company. Directors may not waste or improperly use any Company asset.

Company's Chairperson and any employee, officer, director or advisor to Prime Insurance Company Limited and its affiliated entities who also serves as an officer or Director of the Company (each a "Covered Party") are not prohibited from, and the Company has renounced any interest or expectancy in, or being offered an opportunity to participate in, any investment opportunities in Securities that may come to the attention of any Covered Party other than:

1. Investment opportunities that come to such Covered Party's attention directly and exclusively in such Covered Party's capacity as director, officer or employee of the Company;
2. Control investments in companies in the mass merchandising, retailing, commercial appliance distribution, product protection agreements, residential and commercial product installation and repair services and automotive repair and maintenance industries;

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Confidentiality:

A Director may never use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company. Directors shall not disclose Confidential Information outside the Company



either during or after their service as a Director of the Company, except with the express or implied consent of the Board or as required by law.

Pursuant to their fiduciary duties of loyalty and care, Directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information. Accordingly-

(i) No Member/Director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and

(ii) No Member/Director shall disclose Confidential Information outside the Company, either during or after his or her service as a Director of the Company, except with authorization of the Board of Directors or as may be otherwise required by law.

"Confidential Information" means all non-public information entrusted to or obtained by a Director by reason of his or her position as a Director of the Company. It includes, but is not limited to, non-public information that might be useful to competitors or harmful to the Company or its customers if disclosed. such as:

Non-public information about the Company's financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock repurchases and divestitures;

Non-public information concerning possible transactions with other companies or information about the Company's customers, suppliers or joint venture partners that the Company is under an obligation to maintain as confidential; and Non-public information about discussions and deliberations relating to business issues and decisions between and among employees, officers and Directors.

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Waiver:

Waivers of a provision of this Code can only be made by the Board of Directors, and shall be granted only in very exceptional circumstances. The Company shall disclose any such waiver and the reasons for it, in accordance with legal and regulatory requirements. A Member/Director who becomes aware of a circumstance that may require a waiver shall



promptly bring the circumstance to the attention of the Chairperson of the NRC.

As a legendary company in the cement sector, Prime Insurance Company Limited is committed to demonstrating the high standards of ethical behavior expected by its valuable customers worldwide, shareholders, employees and other stakeholders. The Committee and the Board of Directors is accountable for establishing the framework that creates the culture of integrity. The Board's NRC specifically oversees compliance by the company and its employees with laws, regulations and the company's policies. Board members are responsible for complying with laws and regulations, including insider trading rules relating to securities transactions and reporting as well as avoiding behavior that might compromise the company's success. While no policy can anticipate every situation, the following Code of Conduct serves as ethical decision-making guidelines for the Board. Each director should comply with the letter and spirit of this Code of Conduct.

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Publication of Terms of Reference:

These Terms of Reference shall be made available on the Company's website.



Chapter 3: Nomination and Remuneration Policy of Prime Insurance Company Ltd.

Summary:

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel (SMP) and other employees has been formulated in terms of the provisions of the Companies Act, 1994 and Listing Regulations- 2015, Corporate Governance Code 2018 and other laws enacted by the regulators from time to time, in order inter-alia to pay equitable remuneration to Directors, Key Managerial Personnel (KMP) and Executive/other employees of the Company.

This policy shall act as guidelines on matters relating to the remuneration, election, appointment, co-option, selection and assortment of the Directors, Key Managerial Personnel and Senior Management and other employees of Prime Insurance Company Ltd.

Nomination and Remuneration Committee shall govern the following:

1. The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;
2. 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 executives;
3. 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).

Constitution of the NRC:

- (a) The Committee shall comprise of at least three members including an independent director; Provided that for the purpose of PICL the NRC shall comprise of 6 (six) members including an independent director.

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- (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;
- (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;
- (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.

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: Provided that 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 shareholder' s queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

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;

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(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); But in case of PICL the quorum shall be in presence of three members including an independent director.

(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.

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

(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

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- (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.

Criteria for selection of candidates for membership on the board of directors, KMPs and senior management personnel:

General Criteria

- (i) A person to be appointed as Director should possess adequate qualification, expertise and experience for the position he/ she is considered for the appointment by election, selection, appointment, co-option and such other process prescribed by the Companies Act 1994, Insurance Act 2010 and rules under insurance act are effective for the time being, rules and regulations imposed by the regulators from time to time for the purpose of appointment of directors and rules of Memorandum & Articles of Associations of the company etc.
- (ii) KMP or senior management should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

Further, person to be appointed/re-appointed as director should:

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committees' member; and
- have the capacity and desire to represent the best interests of the stakeholders as a whole.
- not be disqualified under the provisions of the Companies Act, 1994 and applicable rules and regulations.

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Specific Criteria

In addition to the aforesaid, the Nomination & Remuneration Committee may, if it deems it advisable from time to time, develop specific criteria outlining the qualification, skills, experience, expertise, backgrounds, and other characteristics that should be represented on the Board to enhance its effectiveness. Any such criteria should take into account the particular needs of the Company based on its business, size, ownership, growth objectives, community, customers and other characteristics and should be adjusted as these Company characteristics evolve.

Remuneration Policy for Directors:

The remuneration policy of the Company reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under corporate governance code 2018, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of Prime Insurance Company Ltd will be based on general criteria of-

1. Levels of remuneration should be sufficient to attract, retain, and motivate the person constitution the Executives needed successfully to run the company and its subsidiaries but not paying more than is necessary for this purpose.
2. The component parts of the remuneration packages and the benefit schemes for the executive should be designed to encourage the executive to meet the objectives of the company and the group.
3. There should be established a formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration package of the individuals within the executives.
4. The company's annual report should contain an annual remuneration report containing all information required to be disclosed under legislation, good corporate governance practices including details of the remuneration of each director of the company.

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5. Senior remuneration administration should operate on a best practice basis.
6. The Executives should be fairly rewarded for individual contributions to the overall performance of the company.

Independent Directors' Remuneration:

Independent Directors are the Non-Executive Directors of the company. Independent directors of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Insurance Development and Regulatory Authority (IDRA). Independent directors shall not be entitled to any fixed or monthly salary or other remuneration or office of the profit.

Non-Executive Directors' Remuneration:

Non-executive directors of the board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Insurance Development and Regulatory Authority (IDRA). Non-Executive directors shall not be entitled to any fixed or monthly salary or other remuneration or office of the profit.

Executive Directors' Remuneration:

At the time of appointment or re-appointment of the Executive Directors including CEO of the Company i.e. Whole-time Director, Paid Director as defined in the Companies Act, 1994 by whatever name may be called (hereinafter known as Executive Directors) shall be paid such remuneration as may be proposed by the Nomination & Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 1994, Insurance Act and rules/regulations including rules of Bangladesh Securities and Exchange Commission (BSEC).

CEO however appointed and play the role of the Managing Director here is called as Executive Director of the company, the NRC shall follow the regulation of IDRA enacted for the appointment and removal of the CEOs' of insurance companies. The CEO, if designated as the Managing Director of the company shall follow the rules regarding companies Act 1994 and be

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ratified by the shareholder in the general meeting within stipulated time mentioned in the companies Act 1994.

- (i) The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 1994 and rules made there under or under the provision of any other laws as may be applicable.
- (ii) The remuneration of the Executive Directors is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retrial benefits. The variable component comprises performance bonus and may include:
 - Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets recommended by the Committee.
 - Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 1994, Listing Regulations and the other Rules/ Regulations as prescribed by the Bangladesh Securities & Exchange Commission (BSEC) in this regards.
 - Pension contributions, made in accordance with applicable laws and employment agreements.
 - Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 1994 and other applicable laws.
 - In determining the remuneration the Nomination & Remuneration Committee shall ensure/ consider the following:
 - (a) Remuneration shall be evaluated annually against performance and a benchmark of National Financial Institutions which in size and complexity are similar to Prime Insurance Company Ltd.
 - (b) Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.
 - (c) Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.

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(d) The Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the key performance indicators.

(iii) Minimum remuneration to Executive Directors:

If, in any financial year, the Company has no profits or its profits are inadequate, the company shall pay remuneration to its Executive Directors in accordance with the provision of the Companies Act, 1994 and rules made there under.

Remuneration Policy for the Key Managerial Personnel, Senior Management Personnel and Executive/other employees:

The Key Management Personnel (KMP), Senior Management Personnel (SMP) and Executive/other employees (more fully defined in the interpretation clause) of the Company shall be paid monthly remuneration as per the Company's HR policies and/ or as may be approved by the Committee (NRC).

In determining the remuneration to Key Managerial Personnel, Senior Management Personnel and Executive/other employees the following shall be considered:

1. the relationship of remuneration and performance benchmark is clear;
2. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
3. the Company shall follow a compensation mix of fixed component and variable component. Fixed Component comprises salaries, perquisites and retirement benefits and a variable component comprises performance bonus and may include:
4. Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets.
5. Long-term incentives in the form of stock options, promoting a balance between short- term achievements and long-term thinking, in accordance to various applicable laws.
6. Pension contributions, made in accordance with applicable laws and employment agreements.

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7. Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework. The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from nationally recognized compensation service consultancies, insurance business regulators and other stakeholders, whenever required.
8. levels of remuneration should be sufficient to attract retain and motivate the persons constitution the executive needed successfully to run the company and its subsidiaries but not paying more than is necessary for this purpose
9. The component parts of the remuneration packages and the benefit schemes for the executive should be designed to encourage the executive to meet the objectives of the Company.
10. There should be established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of the individuals within the executives.
11. The Company's annual report should contain an annual remuneration report containing all information required to be disclosed under legislation good corporate governance practices including details of the remuneration of each director of the Company
12. The executive should be fairly rewarded for their individual contributions to the overall performance of the company
13. The interest of the Company's shareholders and to the financial and commercial health and capability of the Company being taken into account in incentive packages-
14. A demonstration that the increase/decrease complies with the overall remuneration strategy of the Company.
15. A demonstration that in light of the particular businesses unit and the company as a whole the award is affordable.
16. Full reasons to support the award to include-
 - i. the provision of internal and external comparative;
 - ii. the nature of the work being undertaken by the member of the executive;
 - iii. the range and weight of responsibilities held by the member of the executives:

Vetted



- iv. the performance of the individual member of the executive in each case;
- v. the performance of any business unit under the executive direction if applicable;
- vi. any other pertinent factors.

Vetted

