



Corporate Governance

Code of conduct for Board of Directors

Peoples Insurance Company Limited (PICL) is in the top of the list of 1st generation non-life insurance companies of Bangladesh. The Board of Directors of PICL is committed to demonstrate high standard ethical behavior with all the stakeholders of the company including clients, employees, service providers, regulators and others. The Board of Directors is responsible for providing policy decisions to the management for implementation within the policy-framework by virtue of their integrity and objectivity which must match with the company's ultimate goal.

Risks and Concerns

Both life and non-life Insurance business involves assumption of risks of many types - physical as well as moral. Physical risks are identified as those caused by natural catastrophes, accidental losses and man-made disasters. The key to proper management of insurance business risks to ensure proper management of insurance business risks is to ensure proper selection of risks as well as of the client through a vetting process known as underwriting. Non-life insurance business also closely follows the country's economic development and any slow down in the economic activities also has adverse impact on the insurance industry's growth. Peoples, being aware of these business risks practices the following to protect its interests; (a) selection of risks which have the potential of making underwriting profit. (b) diversifications into many segments of business - product wise as well as client wise so that the company is not over reliant on any particular segment (c) the company arranges adequate reinsurance back up of risks assumed by it with good quality securities. (d) the company maintains a conservative reserving policy and its various technical reserves have been created to adequately cater to unforeseen developments in the future.

Transaction with related Parties

Peoples insurance, in normal course of business, carried out a number of transactions with other entities that fall within the definition of related party contained in Bangladesh Accounting Standard 24. Related Party Disclosures. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates on the same terms and conditions as applicable to the third parties. Details of transactions with related parties and balances with them as at December 31, 2014 has been provided in note no. 2(e) of notes to the financial statements.

Quarterly Vs. yearly financial performance

As required by law, Peoples Insurance Company Limited disclosed quarterly financial performance for the 1st, 2nd and 3rd quarter 2014. No significant deviation in operational results of those quarterly and year end operational result is noticed.

STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

Status of compliance with the conditions imposed by Bangladesh Securities and Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1	BOARD OF DIRECTORS:			
1.1	Board's Size.	✓		12 Directors
1.2	Independent Director			
1.2 (i)	Number of Independent Director.	✓		Three (ID)
1.2 (ii)	Independent Director (ID) means a director			
1.2 (ii) a)	Shareholding position of Independent Director.	✓		ID does not hold any share of the company
1.2 (ii) b)	Independent Director is not sponsor, nor any family member/family relationship of the sponsor.	✓		
1.2 (ii) c)	Independent Director does not have any other relationship with the company or its' subsidiary associates companies.	✓		
1.2 (ii) d)	Independent Director is not a member, director or officer of any stock exchange.	✓		
1.2 (ii) e)	Independent Director is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
1.2 (ii) f)	Independent Director is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm.	✓		
1.2 (ii) g)	Independent Director shall not be an independent director in more than 3 (three) listed companies	✓		
1.2 (ii) h)	Independent Director has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBF.I.	✓		
1.2 (ii) i)	Independent Director has not been convicted for a criminal offence involving moral turpitude.	✓		
1.2 (iii)	The Independent Director(s) shall be appointed by the board and approved by the shareholders in the Annual General Meeting (AGM).	✓		Approval for 1(one) ID's appointment will be taken in 30 th AGM



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.2 (iv)	The post of Independent Director(s) cannot remain vacant for more than 90 (ninety) days.	✓		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for l(one) term only.	✓		
1.3	Qualification of Independent Director (ID)			
1.3 (i)	Independent director shall be a knowledgeable individual with integrity, ensure compliance with financial, regulatory and corporate laws.	✓		
1.3 (ii)	Independent Director should be a Business Leader/Corporate Leader Bureaucrat/University Teacher with Economics or Business Studies or Law background/Professionals. Independent Director must have at least 12 (twelve) years corporate management/professional experiences.	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	✓		Not required
1.4	Chairman of the Board and Chief Executive Officer shall be filled by different individuals. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		
1.5	The Director's Report to Shareholders shall include the following additional statements.			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	✓		No such extra-ordinary gain or loss
1.5 (vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the Annual report.	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.			Not required
1.5 (viii)	An explanation if the financial results deteriorate after the company goes IPO, RPO, Rights Offer, Direct Listing, etc.			Not required
1.5 (ix)	Significant variance occurs between Quarterly Financial Performance and Annual Financial Statements.	No such significant variance occurs.		Not required



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1.5 (x)	Remuneration to directors including independent directors.	✓		No remuneration other than Board and Committee meeting attendant Fee is paid.
1.5 (xi)	Financial statements present fairly state of affairs, the result of its operations, cash flows and changes in Shareholders' equity of the company.	✓		
1.5 (xii)	Proper books of account of the issuer company have been maintained.	✓		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.	✓		
1.5 (xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standard (BAS)/ International Financial Reporting Standard (IFRS)/ Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh have been followed in preparation of the financial statements.	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the company shall be highlighted.	No significant deviations		Not required
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year.	Dividend Recommended		Not required
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		10 (ten) meetings took place with an average 79.25% attendance.
1.5 (xxi)	Pattern of shareholding (along with name wise details) by-			
1.5 (xxi) a)	Share holding position Parent/Subsidiary/Associated Companies and other related parties.	✓		
1.5 (xxi) b)	Share holding position of Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children.	✓		
1.5 (xxi) c)	Share holding position of Executives of the Company.	✓		
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company.	✓		No such shareholder exists
1.5 (xxii)	In case of the appointment/re-appointment of a director			
1.5 (xxii) a)	A brief resume of the appointed/reappointed director	✓		
1.5 (xxii) b)	Expertise in specific functional areas of the appointed /reappointed director.	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
2	CFO, HEAD OF INTERNAL AUDIT AND CS:	✓		
2.1	The company appointed Chief Financial Officer, a Head of Internal Audit (Internal Control and Compliance) and Company Secretary. The Board of Directors clearly defined respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
2.2	Requirement to attend the Board Meeting. The CFO and the Company Secretary of the companies attend meetings of the Board of the Directors.	✓		
3	AUDIT COMMITTEE:			
3 (i)	The company has an Audit Committee as a sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit Committee assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	The Audit Committee is responsible to the Board of Directors. The duties of the Audit Committee clearly set forth in writing.	✓		
3.1	Constitution of the Audit Committee:			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	The Board of Directors appointed members of the Audit Committee who are directors of the company and includes 1(one) independent directors.	✓		
3.1 (iii)	All members of the audit committee are "financially literate" and 1 (one) member have accounting or related financial management experience.	✓		
3.1 (iv)	Board of Directors appoint the new Committee member(s) to fill up the vacancy immediately or not later than 1 (one) month from the date vacancies in the Committee.	✓		
3.1 (v)	The company secretary shall act as the secretary of the committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the Audit Committee:			
3.2 (i)	Independent Director is the Chairman of the Audit Committee.	✓		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3.3	Role of the Audit Committee:			
3.3 (i)	Audit Committee oversee the financial reporting process.	✓		
3.3 (ii)	Audit Committee monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Audit Committee monitor Internal Control Risk Management process.	✓		
3.3 (iv)	Audit Committee oversee hiring and performance of external auditors.	✓		
3.3 (v)	Audit Committee review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	Audit Committee review the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Audit Committee review the adequacy of internal audit function.	✓		
3.3 (viii)	Audit Committee review statement of Significant related party transactions submitted by the management.	✓		
3.3 (ix)	Audit Committee review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	Money is raised through IPO, RPO/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds.	N/A		Not required
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors:	✓		
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii) a)	The Audit Committee shall immediately report on conflict of interest.	N/A		No such event found
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system.	N/A		No such event found
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations.	N/A		No such event found
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	✓		
3.4.2	If the Audit Committee reported to the Board of directors about anything which has material impact on the financial condition as result of operation. Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission.	No such event found		Not required



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
4	EXTERNAL/STATUTORY AUDITORS:			
4 (i)	Appraisal or valuation services or fairness opinions.	✓		
4 (ii)	Financial information systems design and implementation.	✓		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4 (iv)	Broker-dealer services.	✓		
4 (v)	Actuarial services.	✓		
4 (vi)	Internal audit services.	✓		
4 (vii)	Any other service that the Audit Committee determines.	✓		
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the training of their audit assignment of that company.	✓		
5	SUBSIDIARY COMPANY			
5 (i)	The composition of the Board of Directors of the subsidiary company.			N/A.
5 (ii)	At least 1 (one) independent director shall be a director on the Board of Directors of the subsidiary company.			N/A.
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A.
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A.
5 (v)	The Audit Committee of the holding company shall also review the investments made by the subsidiary company.			N/A.
6	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO)			
6 (i)	The CEO and CFO shall certify the Board that:- They have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
6 (i) a)	The CEO and CFO shall certify to the Board that:- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6 (i) b)	these statements together present a true and fair view the company's affairs and are in compliance existing accounting standards and applicable laws.	✓		
6 (ii)	To the best of knowledge and belief, no transaction entered into by the company during the year which fraudulent, illegal or violation of the company's code of conduct.	✓		
7	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7(ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		



1.5 (xxi) a) Parent/Subsidiary/ Associated Companies and other related parties: N/A

b (i) a) Shares held by Directors and their Spouses as on 31 December 2014

SL. No.	Name of the Directors	No. of Shares	Name of the Spouse	No. of Shares
	Mohamed Ali Hossain	9,34,000		
	Engr. M. A. Rashid	9,92,277	Qumrun Nahar	2.604
	Al-Haj Md. Rahim Uddin Bharosha	11,63,799		
	Hasan Ahmed	9,29,769		
	Saiful Arefin Khaled	9,24,000		
	Farjana Jahan Ahmed	15,39,982		
	Jafar Ahmed Patwari	2,29,997		
	Kabir Ahmed	9,27,394		
	Mohammed Anowarul Haque	2,08,400		
	Md. Mahfuzur Rahman Bhuiyan, FCA (Independent Director)	Nil		
	Mohammed Abu Kauchar, MBA (Independent Director)	Nil		
	Jamal Uddin Ahmad, MBA (Independent Director)	Nil		

b (ii) b) Shares held by Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary as on 31 December 2014

SL. No.	Name	Status	No. of Shares	Name of the Spouse	No. of Shares
01.	M.H. Khaled	Chief Executive Officer	6,142	Nasreen Khaled	735
02.	Sib Sankar Saha, FCA	Chief Financial Officer	Nil		
03.	Md. Shamsul Haque Khan	Head of Internal Audit	1,000		
04.	Chowdhury Hamid Gaffar	Company Secretary	Nil		

c) Shares held by Top five salaried employees other than the Directors, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary as on 31 December 2014

SL. No.	Name of the Directors	Status	Name of the Spouse	No. of Shares
01.	Mezbahul Karim	Additional Managing Director		Nil
02.	Abdullah-Al-Ma moon	Additional Managing Director		Nil
03.	M. Abu Bakar Siddique	Additional Managing Director		Nil
04.	S.M. Azizul Hossain	Deputy Managing Director	Ferdousi Begam	375
05.	Md. Shahnewaz Khan	Asstt. Managing Director		Nil

d) 10% or above shareholdings of the Company

Nil



SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS

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*Certificate on compliance of conditions of corporate governance
guidelines to the Shareholders of*

Peoples Insurance Company Limited

We have examined the compliance status of **Peoples Insurance Company Limited** regarding conditions of corporate governance guidelines issued by the **Bangladesh Securities and Exchange Commission** as stipulated in condition no. 7(i) of the BSEC notification No. SEC/CMRRCE/2006-158/134/Admin/44 dated August 7, 2012.

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the company's management. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the company for ensuring the compliance of conditions of corporate governance guidelines and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

To the best of our information and according to the explanations given to us, we certify that, as reported on the attached status of compliance statement, the company has complied with the conditions of corporate governance guidelines stipulated in the above mentioned BSEC notification dated August 7, 2012.

Ramendra Nath Basak, FCA
Partner
Shiraz Khan Basak & Co.
Chartered Accountants

Dhaka, May 11, 2015