



## 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	
<b>1</b>	<b>BOARD OF DIRECTORS:</b>			
1.1	Board's Size.	✓		12 Directors
1.2	<b>Independent Director</b>			
1.2 (i)	Number of Independent Director.	✓		Three (ID)
1.2 (ii)	<b>Independent Director (ID) means a director</b>			
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 <sup>th</sup> 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.	✓		
<b>1.3</b>	<b>Qualification of Independent Director (ID)</b>			
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.	✓		
<b>1.5</b>	<b>The Director's Report to Shareholders shall include the following additional statements.</b>			
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.
<b>1.5 (xxi)</b>	<b>Pattern of shareholding (along with name wise details) by-</b>			
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
<b>1.5 (xxii)</b>	<b>In case of the appointment/re-appointment of a director</b>			
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.	✓		

