

**REPORT TO THE SHAREHOLDERS OF
EASTERN INSURANCE COMPANY LIMITED ON
COMPLIANCE OF THE CORPORATE GOVERNANCE CODE**

[Certificate as per condition No.1 (5) (xxvii)] 6

We have examined the compliance status to the Corporate Governance Code by Eastern Insurance Company Limited for the year ended on 31 December 2020. This Code relates to the Notification No. BSEC/CMRRC-D/2006-158/207/Admin/80 dated 3 June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is satisfactory.

Dhaka: 08 June, 2021



Anjan Kumar Deb FCA
Proprietor
(A.K. Deb & Co)
Chartered Accountants

A. K. DEB & CO.

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STATUS OF COMPLIANCE OF CORPORATE GOVERNANCE

[As per condition No. 1(5) (xxvii)]

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

(Report under Condition No. 9)

Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
1	Board of Directors			
1(1)	Board Size (minimum - 5 and maximum - 20)	√		
1(2)	Independent Director			
1(2)(a)	1/5 th of total BOD shall be Independent Director(ID)	√		Complied with the Insurance Act, 2010
1(2)(b)(i)	Does not hold any share or less than 1% shares in the Company.	√		Independent Directors do not hold any shares of the Company
1(2)(b)(ii)	Not a Sponsor of the Company	√		
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years	√		
1(2)(b)(iv)	Does not have any other relationship with the company or its subsidiary or associated companies	√		
1(2)(b)(v)	Not a Member or TREC holder, director or officer of any stock exchange	√		
1(2)(b)(vi)	Not a Shareholder/Director/Officer of any Member / TREC holder of stock exchange or an intermediary of the capital market	√		
1(2)(b)(vii)	Not a partner or an Executive or was not a partner or an Executive during the Preceding 3 (Three) years of the concerned Company's statutory audit firm or audit firm engaged in internal audit or special audit or professional certifying compliance of this code	√		
1(2)(b)(viii)	Not an Independent Director in more than five listed Companies	√		
1(2)(b)(ix)	Not convicted by a court of competent jurisdiction as a defaulter in payment of any loan/advance to a Bank or a Non-Bank Financial Institution	√		
1(2)(b)(x)	Not convicted for a criminal offence involving moral turpitude	√		
1(2)(c)	Appointed by the Board and approved by the Shareholders in AGM	√		
1(2)(d)	Post cannot remain vacant more than 90 days	√		
1(2)(e)	Tenure of the Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	√		

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
1(3)	Qualification of Independent Director			
1(3)(a)	Independent Director shall be acknowledgeable individual with integrity	√		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100 million or any listed company	√		
1(3)(b)(ii)	Should be a Corporate Leader/Business Leader	√		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale	√		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or business Studies or Law.	√		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a CA/C&M/CFA/CCA/CPA/CMA/CS or equivalent qualification	√		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences	√		
1(3)(d)	Relaxation in special cases			N/A
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of Chairperson of the board and MD and/or CEO shall be different individuals	√		
1(4)(b)	MD and/or CEO of a listed Company shall not hold the same position in another listed Company	√		
1(4)(c)	The Chairperson shall be elected from among then on-executive directors of the company	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO	√		
1(4)(e)	In absence of Chairperson of the Board, the remaining members may elect one of themselves from non executive directors as Chairperson for that particular Board's meeting	√		
1(5)	The Directors' Report to Shareholders			
1(5)(i)	Industry outlook and possible future developments in the industry	√		
1(5)(ii)	Segment-wise or product-wise performance	√		
1(5)(iii)	Risks and concerns including internal and external risk factor, threat to sustainability and negative impact on environment.	√		

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
1(5)(iv)	Discussion on Cost of Goods sold, Gross profit Margin and Net Profit Margin.	√		
1(5)(v)	Discussion on continuity of any extraordinary activities and their implications.	√		
1(5)(vi)	Detailed discussion and statement on related party transactions.	√		
1(5)(vii)	Utilization of proceeds from public, rights issues and/or through any others instruments.			N/A
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.			N/A
1(5)(ix)	Explanation on any significant variance occurs between Quarterly Financial Performance and Annual Financial Statements.			N/A
1(5)(x)	Remuneration to Directors including Independent Director.	√		
1(5)(xi)	Statement that financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	√		
1(5)(xii)	Proper books of account of the issuer company have been maintained.	√		
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation to the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√		
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed	√		
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.			N/A
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed	√		
1(5)(xviii)	Significant deviations from the last year's operation results of the issuer company shall be highlighted and the reasons there of should be explained.			N/A

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	√		
1(5)(xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons there of shall be given.			N/A
1(5)(xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend.			N/A
1(5)(xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed.	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (name wise details).	√		
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other Related parties (name wise details).	√		
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, HIAC and their spouses and minor children (name wise details).	√		
1(5)(xxiii)(c)	Executives	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5)(xxiv)(a)	A brief resume of the director in case of appointment or re-appointment.	√		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas.	√		
1(5)(xxiv)(c)	Names of the companies in which the person also holds the directorship and the membership of committees of the Board	√		

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
1(5)(xxv)	Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements.	√		
1(5)(xxv)(b)	Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes.	√		
1(5)(xxv)(c)	Comparative analysis and financial position as well as cash flow for current financial year with immediate preceding five years explaining reasons thereof	√		
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario.	√		
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the global.	√		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements and concerns mitigation plan of the company.	√		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position shall be explained to the shareholders in the next AGM.	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) disclosed in page -.....	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 disclosed in page-..... and	√		

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
1(6)	Meeting of the Board of Directors			
1(6)	Compliance under Bangladesh Secretarial Standards (BSS).	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC)	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior.	√		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company.	√		
2(b)	At least 1(one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company	√		
2(c)	Minutes of subsidiary to be placed in the meeting of holding company.	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company.	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.	√		
3	Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
3(1)	Appointment			
3(1)(a)	Board shall appoint a MD or CEO, Company Secretary, CFO and HIAC.	√		
3(1)(b)	The positions of the MD, CEO, CS, CFO and HIAC shall be filled by different individuals.	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time.	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS.	√		
3(1)(e)	MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board and be disseminated to the Commission and stock exchange(s).			N/A

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
3(2)	Requirement to attend Board of Directors’ Meetings			
3(2)	MD or CEO, CS, CFO and HIAC shall attend the meeting of the Board.	√		
3(3)	Duties of Managing Director(MD) or Chief Executive Officer(CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3(3)(a)(i)	The statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√		
3(3)(a)(ii)	The statements together present a true and fair view of the company’s affairs and are in compliance with existing accounting standards and applicable laws	√		
3(3)(b)	The MD or CEO and CFO to certify that there are no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company’s Board or its members	√		
3(3)(c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors’ Committee			
4(i)	Audit Committee	√		
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	Company shall have an Audit Committee as a sub-committee of the Board.	√		
5(1)(b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be Clearly set forth in writing.	√		

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
5(2)	Constitution of the Audit committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5(2)(b)	Board shall appoint members of the Audit Committee who shall be non- executive director of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director.	√		
5(2)(c)	All members of the Audit Committee should be “financially literate” and at least 1(one) member shall have accounting or related financial management background and 10 (ten) years of such experience.	√		
5(2)(d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold.	√		N/A
5(2)(e)	The Company Secretary shall act as the Secretary of the Audit Committee	√		
5(2)(f)	Quorum of Audit Committee meeting shall not constitute without at least 1(one) independent director.	√		
5.3	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select Chairperson of the Audit Committee who will be Independent Director.	√		
5(3)(b)	Absence of the Chairperson of the Audit Committee members to elect one and the reason of absence of the regular Chairperson shall be duly recorded in the Minutes.	√		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the AGM.	√		Will be ensured by the Management.
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	√		
5(4)(b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher where presence of an independent director is a must.	√		

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process.	√		
5(5)(b)	Monitor choice of accounting policies and principles.	√		
5(5)(c)	Internal Audit and Compliance process to ensure that it is adequately resourced.	√		
5(5)(d)	Oversee hiring and performance of external auditors.	√		
5(5)(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption.	√		
5(5)(f)	Review with the management, the annual financial statements before submission to the Board for approval.	√		
5(5)(g)	Review with the management, the Quarterly and half yearly financial statements before submission to the Board for approval.	√		
5(5)(h)	The review adequacy of internal audit function.	√		
5(5)(i)	Review the management’s discussion and analysis before disclosing in the Annual Report.	√		
5(5)(j)	Review statement of all related party transactions Submitted by the management.	√		
5(5)(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors.	√		
5(5)(l)	Oversee determination of audit fees based on scope and magnitude and evaluate the performance of external auditor.	√		
5(5)(m)	Oversee whether IPO or RPO or RSO proceeds Utilized as per the published prospectus.			N/A
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)(a)	Report on conflicts of interests.			N/A
5(6)(a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and Compliance process or in the financial statements.			N/A
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities related laws, relies and regulation.			N/A
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.			N/A

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
5(6)(b)	Reporting to the Authorities			N/A
5(7)	Reporting to the Shareholders and General Investors			
5(7)	Reporting to the Shareholders and General Investors	√		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a NRC as a sub-committee of the Board.	√		
6(1)(b)	NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications.	√		
6(1)(c)	The Terms of Reference of the NRC shall be clearly set forth in writing.	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an Independent Director.	√		
6(2)(b)	All members of the Committee shall be non-executive directors.	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board.	√		
6(2)(d)	Board shall have authority to remove and appoint any member of the committee.	√		
6(2)(e)	Board shall fill the vacancy within 180 days of such vacancy in the Committee.			No such event occurred
6(2)(f)	The Chairperson of the Committee may appoint/co-opt any external expert.			No such event occurred.
6(2)(g)	The company secretary shall act as the secretary of the committee.	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director.	√		
6(2)(i)	No member of the NRC shall receive any remuneration/ advisory, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC			
6(3)(a)	Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an Independent Director	√		
6(3)(b)	Absence of chairperson, the remaining members may elect one of them; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
6(3)(c)	Chairperson of the NRC shall attend the AGM.	√		

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year.	√		
6(4)(b)	The Chairperson of the NRC, may convene any emergency meeting upon request by any member of the NRC.	√		
6(4)(c)	Quorum of NRC meeting, presence of 2 or 2/3 members whichever is higher, where presence of an independent director is must.	√		
6(4)(d)	Proceedings of NRC meeting shall be recorded in the minutes and such minutes shall be confirmed in the next meeting.	√		
6(5)	Role of NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders.	√		
6(5)(b)(i)(a)	Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	√		
6(5)(b)(i)(b)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.	√		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.	√		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	√		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down and recommend their appointment and removal to the Board.	√		
6(5)(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board.	√		
6(5)(b)(v)	Identifying company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.	√		
6(5)(b)(vi)	Developing recommending and reviewing annually the company's human resources and training policies.	√		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report.	√		

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Condition No.	Title	Compliance Status as on 31 December 2020		Remarks
		Complied	Not Complied	
7	External or Statutory Auditors			
7(1)	Issuer company shall not engage its external auditors to perform the following:			
7(1)(i)	Appraisal or valuation services or fairness opinions.	√		
7(1)(ii)	Financial information systems design and implementation.	√		
7(1)(iii)	Book keeping or other service related to the accounting records or financial statements.	√		
7(1)(iv)	Broker-dealer services	√		
7(1)(v)	Actuarial services	√		
7(1)(vi)	Internal or special audit services	√		
7(1)(vii)	Any services that the Audit Committee may determine.	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance.	√		
7(1)(ix)	Any other service that may create conflict of interest.	√		
7(2)	No partner or employees' of the External/Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure.	√		
7(3)	Representative of external or statutory auditors shall remain present in the AGM.	√		Will be ensured by the Management
8	Maintaining a website by the company			
8(1)	The company shall have an official website linked with that of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure- C attached, in the directors' report whether the company has complied with these conditions or not.	√		