

Certificate on Compliance of BSEC Corporate Governance Code

Annexure-B



**Salahuddin
& associates**
Practicing Chartered Secretaries and Management Consultants

Report to the Shareholders of City General Insurance Company Limited
on
Compliance on the Corporate Governance Code

Annexure –B
[Certificate as per condition no. 1(5)(xiv)]

We have examined the compliance status to the Corporate Governance Code by City General Insurance Company Limited for the year ended on 31st December 2023. This Code relates to the Notification No. BSEC/CMRCCD/2006-158/2017/Admin/80 Dated 03 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 the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any conditions 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:

- (a) 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;
- (b) 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;
- (c) 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
- (d) The governance of the company is satisfactory.

Place, Dhaka
Dated: 29th February 2024



For
Salahuddin & Associates

Md. Salahuddin FCS
Chartered Secretary in Practice

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Compliance Status on BSEC Notification on Corporate Governance

Annexure-C

The Bangladesh Securities and Exchange Commission (BSEC) introduced a Corporate Governance Code in 2018, which the company is currently adhering to on a 'Comply' basis. The compliance status of City General Insurance Company Limited with the aforementioned Corporate Governance code, issued by BSEC through Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated June 3, 2018, and its amendment through Notification No. BSEC/CMRRCD/2009-193/66/PRD/148 dated October 16, 2023, under Section 2CC of the Securities and Exchange Ordinance, 1969, is as follows:

(Report under Condition No. 9.00)

Condition No.	Title	Status	Remark (if any)
1	BOARD OF DIRECTORS		
1(1)	Size of the Board of Directors		
1(1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	Complied	Number of Board members of CGIC is 14 (fourteen) including 3 (three) Independent Directors. (Page no. 66 & 213)
1(2)	Independent Directors		
1(2) (a)	At least 2(two) directors or one-fifth (1/5) of the total number of directors in the company's Board, whichever is higher, shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s)	Complied	There are three Independent Directors in the CGIC Board, namely: Mr. Mahabubul Haque, Mr. Tauhiduddin Md. Zahed and Mr. Mohammad Saif Noman Khan (Page no. 66 & 213)
1(2) (b)	Without contravention of any provision of any other laws, for the purpose of this clause, an "independent director" means a director-		
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	Complied	None of the Independent Directors hold any share of the company
1(2)(b)(ii)	Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	Complied	The Independent Directors have declared their compliances.
1(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	Complied	Do
1(2)(b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	Complied	Do
1(2)(b)(v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	Complied	Do

Condition No.	Title	Status	Remark (if any)
1(2)(b)(vi)	Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	Complied	Do
1(2)(b)(vii)	Who 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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	Complied	Do
1(2)(b)(viii)	Who is not independent director in more than 5 (five) listed companies;	Complied	Do
1(2)(b)(ix)	who has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for non-payment of any loan or advance or obligation to a bank or a financial institution; and	Complied	Do
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude;	Complied	Do
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM): Provided that the Board shall appoint the independent director, subject to prior consent of the Commission, after due consideration of recommendation of the Nomination and Remuneration Committee (NRC) of the company;	Complied	The appointments are duly approved at AGM. (Page no. 214)
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	Complied	No vacancy occurred
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	Complied	The Independent Director Mr. Mahabubul Haque is in second term of office and Mr. Tauhiduddin Md. Zahed and Mr. Mohammad Siaf Noman Khan are in first term of office
1(3)	Qualification of Independent Director		
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	Complied	The qualification and background of IDs justify their abilities as such. (Page no. 216 & 75-77)
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.100.00 million or any listed company or a member of any national or international chamber of commerce or registered business association; or	Not applicable	
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or	Not applicable	

Condition No.	Title	Status	Remark (if any)
1(3)(b)(iii)	Former or existing official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law: Provided that in case of appointment of existing official as independent director, it requires clearance from the organization where he or she is in service; or	Complied	Mr. Mahabubul Haque was a former government official. He has more than 40 years of experience (Page no. 75)
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	Complied	Mr. Mohammad Saif Noman Khan is a University Teacher. (Page no. 76)
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 Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	Not applicable	
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	Complied	Existing Independent Directors are former Govt. Officials and existing University teacher with more than 40 years of experiences. (Page no. 75-77)
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	Not applicable	
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer		
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals	Complied	Chairman of the Board and Managing Director are the different individuals. (Page no. 66)
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	Complied	The Managing Director does not hold the same position in any other listed company. (Page no. 241)
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	Complied	The chairperson is elected from amongst the non-executive directors. (Page no. 66, 214)
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	Complied	The roles and responsibilities of the Chairperson and Managing Director are clearly defined. (Page no. 221, 240)
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Complied	No such event arose

Condition No.	Title	Status	Remark (if any)
1(5)	The Directors' Report to Shareholders		
1(5)(i)	An industry outlook and possible future developments in the industry;	Complied	The Directors' report complies with the guideline. (Page no. 127)
1(5)(ii)	The segment-wise or product-wise performance;	Complied	The Directors' report complies with the guideline. (Page no. 115)
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	Complied	Discussed at Risk and Concerns. (Page no. 120)
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	Complied	The Directors' report complies with the guideline. (Page no. 120)
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	Complied	No such gain/loss. (Page no. 120)
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	Complied	Discussed at 'Directors' Report' and subsequently elaborated in the note no. 21 of Audited Financial Statements (Page no. 120)
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	Complied	Mentioned at 'Directors Report'. (Page no. 120)
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;	Complied	No such event arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	Complied	No such event arose
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	Complied	Mentioned to the Directors' Report (Page no. 125, 130)
1(5)(xi)	A statement that the 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;	Complied	Mentioned to the Directors' Report (Page no. 121)
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	Complied	Mentioned to the Directors' Report (Page no. 121)
1(5)(xiii)	A statement that 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;	Complied	Mentioned to the Directors' Report and Auditors Report (Page no. 121)
1(5)(xiv)	A statement that 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;	Complied	Mentioned to the Directors' Report and Auditors Report (Page no. 121)

Condition No.	Title	Status	Remark (if any)
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	Complied	Mentioned to the Directors' Report and Auditors Report (Page no. 122)
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;	Complied	Mentioned to the Directors' Report and Auditors Report (Page no. 124)
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;	Complied	Mentioned to the Directors' Report and Auditors Report (Page no. 124)
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	Complied	Mentioned to the Directors' Report and Auditors Report (Page no. 124)
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	Complied	Mentioned to the 'Key Operating Highlights' and 'Annexure I' of "Directors' Report" (Page no. 129)
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	Complied	The Company has declared 12% Cash dividend.
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	Not Applicable	Mentioned to the Directors' Report (Page no. 124)
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	Complied	The Board of Directors met 6 (Six) times during the year 2023. (Page no. 130)
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	Not Applicable	Mentioned to the Directors Report, 'Annexure III' (Page no. 131)
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	Complied	The Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children do not hold any shares of the Company. Stated in Annexure- III. (Page no. 131)
1(5)(xxiii)(c)	Executives; (Top five salaried employees of the company other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit)	Complied	The Executives (Leadership Team) of the Company do not hold any shares. Stated in Annexure- III. (Page no. 132)

Condition No.	Title	Status	Remark (if any)
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	Complied	Mentioned to the Directors Report', 'Annexure III' (Page no. 132)
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: -		
1(5)(xxiv)(a)	A brief resume of the director;	Complied	Stated in the profile of Directors (Page no. 70-77)
1(5)(xxiv)(b)	Nature of his or her expertise in specific functional areas;	Complied	Do
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the Board;	Complied	Stated in the profile of Directors and Directorship with other Companies (Page no. 67, 70-77)
1(5)(xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed 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;	Complied	Mentioned to the 'Management Discussion and Analysis'. (Page no. 93)
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	Complied	Mentioned to the 'Management Discussion and Analysis'. (Page no. 93)
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	Complied	Mentioned to the 'Management Discussion and Analysis'. (Page no. 93)
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	Complied	Mentioned to the 'Management Discussion and Analysis'. (Page no. 94)
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe;	Complied	Mentioned to the 'Management Discussion and Analysis'. (Page no. 94)
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	Complied	Mentioned to the 'Management Discussion and Analysis'. (Page no. 94)
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	Complied	Mentioned to the 'Management Discussion and Analysis'. (Page no. 96)
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	Complied	Mentioned to the CEO and CFO's Declaration to the Board. (Page no. 205)
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C; and	Complied	The certificate regarding compliance of the conditions is disclosed at (Page no. 277, 278-292)
1(5)(xxviii)	The Directors' report to the shareholders does not require to include the business strategy or technical specification related to products or services, which have business confidentiality.	Complied	No such event arose

Condition No.	Title	Status	Remark (if any)
1(6)	Meetings of the Board of Directors : The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	Complied	Company Maintain a book for Board Meeting Minutes as per the provision of Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB). (Page no. 219)
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) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	Complied	A code of conduct set for Chairman of the Board, other members of the Board and Chief Executive Officer of the company based on the recommendation of the Nomination and Remuneration Committee (NRC). (Page no. 78)
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; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency	Complied	The code of conduct as determined by the NRC is posted on the website. (Page no. 220)
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;		There is no subsidiary company of CGIC.
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;	Not Applicable	
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	Not Applicable	
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 also;	Not Applicable	
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	Not Applicable	
3	MANAGING DIRECTOR (MD) OR CHIEF EXECUTIVE OFFICER (CEO), CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) AND COMPANY SECRETARY (CS)		
3(1)	Appointment		
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC)	Complied	The Company has appointed MD, CFO, CS and HIAC. (Page no. 240-243)

Condition No.	Title	Status	Remark (if any)
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	Complied	The MD, CFO, CS and HIAC are four different individuals. (Page no. 240-243)
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: Provided that CFO or CS of any listed company may be appointed for the same position in any other listed or non-listed company under the same group for reduction of cost or for technical expertise, with prior approval of the Commission: Provided further that the remuneration and perquisites of the said CFO or CS shall be shared by appointing companies proportionately;	Complied	In Practice
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	Complied	The roles, responsibilities and duties of MD, CFO, CS and HIAC are clearly defined (Page no. 240-243)
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	Complied	In Practice
3(2)	Requirement to attend Board of Directors' Meetings : The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board;	Complied	In Practice
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:	Complied	Mentioned to the CEO and CFO's Declaration to the Board. (Page no. 205)
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	Complied	Do
3(3)(a)(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;	Complied	Do
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, 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;	Complied	Do
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	Complied	Disclosed in the Annual Report Annexure-A. (Page no. 205)
4	BOARD OF DIRECTORS' COMMITTEE		
4(i)	Audit Committee; and	Complied	Already in place. (Page no. 67)
4(ii)	Nomination and Remuneration Committee.	Complied	Already in place. (Page no. 67)

Condition No.	Title	Status	Remark (if any)
5	AUDIT COMMITTEE		
5(1)	Responsibility to the Board of Directors.		
5(1)(a)	The company shall have an Audit Committee as a subcommittee of the Board;	Complied	Already in place. The ToR of Audit Committee is available. (Page no. 226)
5(1)(b)	The 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 and in ensuring a good monitoring system within the business;	Complied	The Audit Committee duly discharged its responsibilities. (Page no. 228)
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.	Complied	In practice. The duties are clearly set forth in writing in the ToR of the Audit Committee. (Page no. 227, 228)
5(2)	Constitution of the Audit Committee		
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	Complied	The Audit Committee is comprised of 3 (Three) members. (Page no. 67, 228)
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	Complied	The members of the Audit Committee are appointed by the Board who are Directors and which includes one Independent Director. (Page no. 130)
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;	Complied	Based on the academic qualifications and professional experiences, the Board reviewed and considered that all the existing members of the Audit Committee are 'financially literate' and they have 'related financial management experience' as per codes of BSEC. (Page no. 263 & 266)
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 60 (sixty) days from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	Complied	In Practice
5(2)(e)	The company secretary shall act as the secretary of the Committee;	Complied	In Practice (Page no. 263)
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	Complied	In Practice (Page no. 264)

Condition No.	Title	Status	Remark (if any)
5(3)	Chairperson of the Audit Committee		
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	Complied	Mr. Mahabubul Haque has been appointed as Chairman of Audit Committee who is an Independent Director.
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	Complied	In Practice (Page no. 266)
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	Complied	Chairperson of the Audit Committee was present at 27th AGM. Reference to AGM photo. (Page no. 252)
5(4)	Meeting of the Audit Committee		
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	Complied	During the year 4 (Four) Audit Committee meetings were held. (Page no. 265)
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	Complied	In Practice (Page no. 264)
5(5)	Role of Audit Committee		
5(5)(a)	Oversee the financial reporting process;	Complied	In Practice (Page no. 227)
5(5)(b)	Monitor choice of accounting policies and principles;	Complied	In Practice (Page no. 227, 265)
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	Complied	In Practice (Page no. 227, 264)
5(5)(d)	Oversee hiring and performance of external auditors;	Complied	In Practice (Page no. 227)
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	Complied	In Practice (Page no. 227)
5(5)(f)	Review along with the management, the annual financial statements before submission to the Board for approval;	Complied	In Practice (Page no. 227)
5(5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	Complied	In Practice (Page no. 227)
5(5)(h)	Review the adequacy of internal audit function;	Complied	In Practice (Page no. 227)
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	Complied	In Practice (Page no. 227)
5(5)(j)	Review statement of all related party transactions submitted by the management;	Complied	In Practice (Page no. 227)
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	Complied	In Practice (Page no. 227)

Condition No.	Title	Status	Remark (if any)
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	Complied	In Practice (Page no. 227)
5(5)(m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission;	Not Applicable	There was no IPO/RPO/ Rights Issue in 2023 or in recent past.
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.	Complied	In Practice (Page no. 228)
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:		
5(6)(a)(ii)(a)	Report on conflicts of interests;		No such Incidence arose
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;	Complied	In Practice (Page no. 228)
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	Not Applicable	No such Incidence arose
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	Not Applicable	No such Incidence arose
5(6)(b)	Reporting to the Authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	Not Applicable	No such Incidence arose
5(7)	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	Not Applicable	No such event occurred
6	NOMINATION AND REMUNERATION COMMITTEE (NRC)		
6(1)	Responsibility to the Board of Directors		
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	Complied	Already in place. The TOR is available. (Page no. 67, 268)
6(1)(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;	Complied	The NRC duly discharged its responsibilities. (Page no. 230, 270)

Condition No.	Title	Status	Remark (if any)
6(1)(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).	Complied	In practice. The Terms of Reference is clearly set forth in writing covering all relevant areas as stated in the code. (Page no. 271)
6(2)	Constitution of the NRC		
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	Complied	The Committee is comprised of 4 (Four) members including an Independent Director. (Page no. 227)
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors;	Complied	In practice (Page no. 270)
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	Complied	The NRC members are appointed by the Board. (Page no. 230, 271)
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	Complied	In practice (Page no. 230, 271)
6(2)(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;	None	No such event arose
6(2)(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;	None	No such event arose
6(2)(g)	The company secretary shall act as the secretary of the Committee;	Complied	In practice (Page no. 270)
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	Complied	In practice (Page no. 270)
6(2)(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.	Complied	In practice (Page no. 231)
6(3)	Chairperson of the NRC		
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	Complied	The Chairman of NRC is Mr. Tauhiduddin Md. Zahed who has been appointed as Chairman of NRC is an Independent Director. (Page no. 270)
6(3)(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;	Complied	In practice (Page no. 271)

Condition No.	Title	Status	Remark (if any)
6(3)(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 matters from the NRC shall be selected to be present in the Annual General Meeting (AGM) for answering the shareholders queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM;	Complied	Chairperson of the NRC was present at 27th AGM. Reference to AGM photo on (Page no. 252)
6(4)	Meeting of the NRC		
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	Complied	In practice (Page no. 270)
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	None	To be complied if necessary
6(4)(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);	Complied	In practice (Page no. 270)
6(4)(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.	Complied	In practice (Page no. 231, 270)
6(5)	Role of the NRC		
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	Complied	In practice (Page no. 230)
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	Complied	In practice (Page no. 230)
6(5)(b)(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:	Complied	In practice (Page no. 230)
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	Complied	In practice (Page no. 230)
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	Complied	In practice (Page no. 230)
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;	Complied	In practice (Page no. 230)
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	Complied	In practice (Page no. 230)
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;	To be complied	No such list as yet
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	Complied	In practice (Page no. 230)
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	Complied	In practice (Page no. 230)

Condition No.	Title	Status	Remark (if any)
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	Complied	In practice (Page no. 230)
6(5)(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.	Complied	The criteria, policy and activities of NRC are disclosed in the Annual Report. (Page no. 230, 268)
7	EXTERNAL OR STATUTORY AUDITORS		
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-		
7(1)(i)	Appraisal or valuation services or fairness opinions;	Complied	As declared by the auditor 'Islam Quazi Shafique & Co. Chartered Accountants'
7(1)(ii)	Financial information systems design and implementation;	Complied	Do
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements;	Complied	Do
7(1)(iv)	Broker-dealer services;	Complied	Do
7(1)(v)	Actuarial services;	Complied	Do
7(1)(vi)	Internal audit services or special audit services;	Complied	Do
7(1)(vii)	Any service that the Audit Committee determines;	Complied	Do
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1); and	Complied	Do
7(1)(ix)	Any other service that creates conflict of interest.	Complied	Do
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; provided that spouse, son, daughters, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	Complied	In practice
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	Complied	Representative of the external auditor was present at 27th AGM. Reference to AGM photo on (Page no. 252)
8	MAINTAINING A WEBSITE BY THE COMPANY		
8(1)	The company shall have an official website linked with the website of the stock exchange.	Complied	Website (www.cityinsurance.com.bd) which is linked with the stock exchanges. (Page no. 252)
8(2)	The company shall keep the website functional from the date of listing.	Complied	In practice
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).	Complied	In practice (Page no. 252)

Condition No.	Title	Status	Remark (if any)
9	REPORTING AND COMPLIANCE OF CORPORATE GOVERNANCE		
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and such certificate shall be disclosed in the Annual Report.	Complied	The company obtained the certificate from Salahuddin & Associates Associates Chartered Secretaries regarding compliance of conditions of Corporate Governance of the Commission and such certificate is disclosed in the Annual Report. (Page no. 277)
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	Complied	The agenda will be placed in the 28th Annual General Meeting. Refer to the notice of the AGM, on (Page no. 214)
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.	Complied	Detailed status given at Annexure - C and published in the Report. (Page no. 126)