



# REPORT ON CORPORATE GOVERNANCE

## BOARD OF DIRECTORS, CHAIRMAN AND MANAGING DIRECTOR

### NHFIL's policy on appointment of Directors

In relation to the selection and appointment of new Director, the existing Board of Directors possess the following duties and responsibilities:

- Regularly reviewing the size and composition of the Board and the level of expertise, skills, experience and perspectives that are required to perform its activities;
- Appoint a new Director according to the required competencies of the Board;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM).
- Vacancies, if any, are filled by the Board in accordance to the Companies Act, 1994, and the Articles of Association of the Company;
- The Managing Director is appointed by the Board subject to approval of Bangladesh Bank;

### The Chairman of the Board and the Managing Director of the Company are different individuals

The Chairman and the Managing Director are separate individuals. The role of the Chairman and the Managing Director are independent and separate.

### Role and responsibilities of the Chairman as defined by the Board

The Chairman is taking care of the Board of Directors. The Chairman serves as the primary link between the Board and the management and works with the Managing Director and Company Secretary to set the agenda for the Board meetings. It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities as Directors of the Company. The role and responsibilities of the Chairman of the Board is defined and set by the Board.

### Appraisal of performance of the Board

Both new and existing Directors are provided with the Code of Conduct for the Board members on general aspects of

their Directorship and industry-specific matters. Moreover, the Board is immediately informed of any new rules, regulations and/ or changes in existing regulations. The Board is also always kept updated on any development and changes in the business environment, risk and industry outlook to assist them to carryout their duties as Directors. Evaluation of the Board's performance is conducted by analysing the performance of the projects and proposals approved by it. A quarterly review of classified and non-performing loans is always made by the Board to find out deviations and embrace course of corrections, if any.

### Annual evaluation of the Managing Director by the Board

The Board of Directors evaluates the performance of the Managing Director based on the goals set for him considering the company vision and mission in each year. The annual financial budget and other job objectives are discussed, reviewed and finalized by the Board at the start of the financial year. The Board considers both financial and non-financial goals during the appraisal.

## VISION/MISSION AND STRATEGY

### Vision/Mission approved by Directors

The Board of Directors has approved the vision and mission statements of National Housing and strictly maintains it and ensures every individual in the organization complies with them. There is strong belief about it within the organization. The Vision and Mission statements can be found on page 06.

### Business objectives and areas of business focus

NHFIL's Board always sets business objectives and areas of concentration are set according to their own objectives and the market condition. The latest business objectives and areas of business focus can be found in the annual report on page 07.

### Strategies to achieve the business objectives

A Strategic Plan is set up by NHFIL at the start of the financial year to align with the business objectives and strategies for the year. The Board always gives direction to the management of the NHFIL on how it is to be managed for the upcoming year. Strategies set to achieve the business objectives can be found in the annual report on page 07.

## AUDIT COMMITTEE

### Audit Committee Chairman is an independent Non-Executive Director

The Chairman of the Audit Committee is an independent non executive Director who is not involved in the day to day operations of the Company. He is an experienced individual and qualified to be the Chairman of the Audit Committee. Dr. Toufic Ahmad Choudhury is an Independent Director of the Company and the Chairman of the Audit Committee. He has thirty nine years of success in teaching and training at Bangladesh Institute of Bank Management (BIBM). He is Ex-DG for about eight years at BIBM. Mr. Toufic holds Ph. D from Himachal Pradesh University, Shimla, India and Master degree in Economics from Jahangirnagar University.

### Composition of the Audit Committee

As per BSEC notification no, BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018 on Corporate Governance Code and Bangladesh Bank Guidelines. The Current Audit Committee consists of 4 members including 1 independent director.

## Internal Audit activity investigation

The Audit Committee established terms of reference (ToR) so that it could function effectively and smoothly. These terms were created to define the roles and responsibilities of the Audit Committee. The committee is also empowered to investigate/question employees and retain external counsel when required.

## All members suitably qualified

All members of the audit committee are qualified and have years of experience in banking and financial sector reforms. They are also very competent and come from a variety of educational backgrounds, which brings diversity in the committee. A member of the audit committee is a fellow Cost and Management Accountant; hence he brings a high level of expertise in the areas of finance and accounting to the committee.

## Head of Internal Audit's access in the Audit Committee

The Head of Internal Audit always has access to the audit committee and can raise his concerns whenever required.

### • Ensure effective coordination of external audit function

It is vital that there is open communication between the auditor and the audit committee to ensure the best utilization of their resources. This communication also helps in assessing the auditor's performance.

The Audit committee analyses the audited financial statements with management and the external auditors to ensure that the Company's financial statements are objectively presented in compliance with the relevant Bangladesh Financial Reporting Standards, International Financial Reporting Standards and Bangladesh Accounting Standards in all substantial aspects based on its review and consultations with management and external auditors. External Auditors are requested to attend the audit committee meeting where financial statements of National Housing are placed for review and recommendation. The Committee also implements an annual assessment of the efficiency of the Company's internal Audit functions and certifies that internal audit has sufficient resources to accomplish its duties.

The external auditors always maintain communication with the audit committee based on the requirement of the key audit issues raised regarding accounting or auditing during the course of the audit, which gives rise to a greater risk of material misstatement of the financial statements and concerns regarding the audit committee.

The Audit Committee has quite a few roles regarding the external audit functions;

### • Ensure independence of external audit function

The auditors of National Housing Finance and Investment Limited must be independent. Audit committee is familiar with the statutory and regulatory independence requirements for auditors. It is important that the auditor is technically competent and exercise a high level of objectivity and professional Skepticism. The Audit Committee's interactions with the auditors during the audit to evaluate whether the auditors demonstrated integrity, objectivity and professional skepticism as stated above.

### • Review the external auditors' findings

The Audit Committee extensively reviews all findings of the external auditors and ensures that management is informed and is taking action for resolving any discrepancies. Before the financial statements are signed, the audit committee reviews all the findings and ensures that they are satisfied with the actions that management has taken.

### • Review and approve non-audit work assigned to the external auditor and ensure that such work does not compromise the independence of the external auditor

External auditors are not involved in any engagement that directly or indirectly threatens their independence. The Audit Committee must ensure this matter. If any work is being done by the external auditors, the Audit Committee must approve before the work commences. In short, the Audit Committee is responsible that the independence of the external auditors is not compromised under any circumstance.

### • Recommend external auditor for appointment/reappointment

The Audit Committee does an extensive review on the audit work done by the auditors after the audited financial statements have been signed. The Audit Committee evaluates the auditors on a very detailed level, and ensures that

there were no threats to independence or any other issues with the auditors. The Audit Committee scrutinizes the applications of the auditors and recommends for appointment/ reappointment for the next year/AGM. In this appointment process, DFIM circular No 04, dated 30<sup>th</sup> April 2015 was strictly followed without any deviation.

### Audit committee's involvement in the review of annual and interim financial reports

As per the Corporate Governance guideline of BSEC, the Audit Committee is expected to assess alongside with management, the interim and annual financial statements before proposing to the Board for consent. NHFIL's Audit Committee appraises the interim and annual financial releases whether audited or unaudited and places it before the Board for approval. The Audit Committee always ensures that the financial statements reflect a true and fair view of the company.

## INTERNAL CONTROL & RISK MANAGEMENT

### Director's Responsibility to establish appropriate system of Internal Control

The Board of Directors has always been extremely active in establishing appropriate systems of internal control. The Board of Directors has no sympathy for any type of fraud in the FI, and always promotes a sound and strong internal control system inside the FI. The Board of Directors has always appreciated the internal controls that have been set up by management and have also given advice on any matters when required. The Board has always been very responsible and active in establishing an appropriate system of internal control.

The Company has taken sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis to ensure the establishment of appropriate system of internal control. The internal control and compliance department of the Company demeanours periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed.

### Key features of the internal control system

The Company defines internal control as a process which is designed to provide equitable assurance regarding the achievements of objectives relating to the effectiveness and efficiency of operations, reliability of both external and internal financial and non-financial reporting and compliance with applicable laws and regulations.

The Company's internal control system consists of five interrelated components:

#### The control environment

The control environment refers to the orientation, awareness and actions of those in the governance and management roles with regards to the Company's internal control and its importance in the entity. Elements under NHFIL's control environment include:

- Active participation by those charged with governance as evidenced through regular meetings of its Board of Directors and Audit Committee
- The communication and fostering of an environment that consistently requires integrity and ethical behaviour as evidenced by regular communication and confirmation of its Code of Conduct and zero tolerance for illegal or unethical behaviour
- A formal well-defined organizational structure, setting out key areas of authority and responsibility and appropriate reporting lines that is relevant to the nature and size of the Company's business
- Human resource policies that demonstrate the Company's commitment towards recruiting employees who meet established standards of competence and ethical behaviour.

#### Risk assessment

Risk assessment refers to the process (es) with which the Company identifies and assesses risks in the achievement of its objectives. A changing external and internal environment means that risk assessment is a dynamic process and must occur at all levels of the organizational structure, ranging from branch and department level reviews of portfolios, functions and operations to MANCOM and ALCO meetings at the very top level of the management.



## Control activities

Control activities are the policies and procedures that help ensure that the management directives are carried out. Control activities have various objectives and are applied throughout the Company at all levels and in all functions. These include activities such as authorization, reviews, reconciliations and verifications.

## Information and communication

The information and communication component facilitates the functioning of the other components by providing information that is necessary for the attainment of Company objectives and by establishing a continuous process for collecting, sharing and disseminating necessary information from both within and outside the Company. In a more general sense, the NHFIL culture encourages sharing of information and opinions across the management hierarchy and among different businesses, functions and departments.

## Monitoring

Monitoring ensures that controls are operating as intended and that they are appropriately modified in response to changing conditions. At NHFIL, this is achieved through a variety of measures including ongoing monitoring which occurs in the course of, and as a part of, day-to-day operations as well as separate management reviews, evaluations and periodic internal audits of various departments and business functions. A prudently designed management structure, clearly defined responsibilities, delegation of authorities, risk awareness, establishment of accountability at each level and a system of periodic reporting and performance monitoring represent the key elements of the internal control frame employed at NHFIL.

## Review of the adequacy of the system of internal controls by Directors

In almost every Audit Committee meeting the issue of adequacy of the system of internal controls is a factor that is taken into consideration. The Audit Committee is responsible to the Board of Directors to ensure that the system of internal controls is adequate to protect against any type of fraud. The Committee has reviewed the corrective measures taken by management relating to fraud-forgery and deficiencies in internal control. The Audit Committee places all the compliance report before the Board of Directors and regulators on a timely basis and has performed all other oversight functions in relation to Internal Control System of the FI. In this way, the Directors review the adequacy of the system of internal controls.

## Identification of key risks NHFIL is exposed to – both internally and externally

Risk is the element of uncertainty or the possibility of loss that prevails in any business transaction in any place, in any mode and at any time. Risk is an integral part of the financing business. Risk management entails the adoption of several measures to strengthen the ability of an organization to cope with the vagaries of the complex business environment in which it operates. NHFIL also considers guidelines for managing core risks of financial institutions issued by Bangladesh Bank, vide FID Circular No. 10 dated September 18, 2005 for management of risks and, more recently, DFIM Circular No. 03 dated 24 January 2016. A well-structured and proactive risk management system is in place within the Company to address risks relating to:

- Credit risk
- Asset and Liability-Balance Sheet Risk
- Internal Control and Compliance Risk
- IT security Risk

The new Integrated Risk Management Guidelines for Financial Institutions specify a number of additional risks that financial institutions are now required to manage and to report in a more structured manner. The key among these are:

### Strategic risk

Strategic risk has been defined as the risk of potential losses that might arise from adverse business decisions, sub-standard execution and failure to respond adequately to changes in the business environment. The guidelines set out the respective roles of the Board of Directors, senior management and business units in managing strategic risks, identify the minimum steps to be followed in the strategic risk management process and also suggest measures for strategic risk control. NHFIL has been managing strategic risks ever since its inception. The culmination of all these efforts

are reflected in annual strategy and budget sessions, where the Company sets out its plans for the next year. With the introduction of the new guidelines, more changes will be made to the strategic risk management process as and when required.

### **Compliance risk**

Compliance risk is defined as the current or prospective risk of legal actions and / or material financial losses that an organization may suffer as a result of its failure to comply with laws, its own regulations, code of conduct and standards of the best practice as well as from the possibility of incorrect interpretation of laws or regulations. The guidelines set out the respective roles of the Board, senior management and compliance function units in managing compliance risks and also require formulation of a written compliance risk management policy. Historically, NHFIL has always fostered a compliance-oriented culture. This has been reinforced in a variety of ways, ranging from formal requirements to sign declarations of compliance with the NHFIL Code of Conduct (requiring compliance with the laws and regulations) to ongoing communication from the senior management stressing the need to do business under the highest levels of compliance. In general, compliance risk management is embedded in the day-to-day management of business processes and practices of the Company. With the introduction of the Integrated Risk Management Guidelines, the overall management of compliance risk is reviewed and appropriately amended to ensure conformity with the guidelines.

### **Reputation risk**

Reputation risk may be defined as the risk of loss arising from damages to an organization's reputation. The guidelines set out the respective roles of the Board and the senior management in managing reputation risk and also require financial institutions to implement a sound and comprehensive risk management process to identify, monitor, control and report all reputational risks. NHFIL has already established a set of non-financial reputational risk indicators and put in place a structured process for monitoring these and any other matters that might give rise to potential reputational risks. Till date, no material reputational risk issue involving the Company has been identified.

### **Environmental and social risk**

NHFIL is focused on sustainability, shifting from the traditional financing approach. In this regard, the Company is strengthening its credit appraisal process to be much more stringent from an environment and social (E&S) perspective, evaluating all the environmental and social factors such as project impacts on the environment and the community in the long run, prior to sanctioning a loan. A detailed discussion of these risks and the strategies adopted to manage and mitigate these are given in the Statement of Risk Management. The adequacy of the system of internal controls is reviewed by the Board of Directors as well.

## **Strategies adopted to manage and mitigate risks**

NHFIL's Board of Directors acknowledges its overall responsibility for maintaining the adequacy and efficiency of the system of internal controls. The Board is of the view that the internal control framework is designed to manage the Company's risks within an acceptable risk profile, rather than completely eliminate the risk of failure to achieve the policies, goals and objectives of the Company. The Board therefore believes that it can provide only reasonable, rather than absolute, assurance regarding effectiveness against material misstatements of management and financial information or against financial losses and fraud.

In a nutshell, the National Housing adopted the following strategies to manage and mitigate the risk:

- Setting targets for capital ratios and capital composition
- Managing the balance sheet and the funding structure
- Determining general principles for measuring, managing and reporting the FI's risks
- Developing risk policies for business units
- Determining the overall investment strategy

# ETHICS AND COMPLIANCE

## Ethics and values

National Housing has an 'Employee Code of Ethics'— a framework of ethical behavior for all the employees of the organization.

The leaders/managers are required to exemplify the highest standards of conduct and ethical behavior. The leaders/managers are expected to:

- Lead according to National Housing standards of ethical conduct, in both words and actions.
- Create and maintain an environment where employees feel comfortable asking questions or reporting concerns.
- Be diligent in enforcing the FI's ethical standards and taking appropriate action if violations occur.
- Contact the Human Resources Division when in need of assistance.

The code of employee ethical behavior gives focus on the followings:

- Protecting Privacy of Customers' and Confidential Company Information,
- Preventing Money Laundering and/or Fraud,
- Avoiding Drug/ Substance/ Alcohol Abuse in the Workplace
- Protecting FI's assets
- Avoiding any conflict of interest etc.

The Board of Directors of National Housing has approved the 'Employee Code of Ethics' with a commitment to setting high ethical standards so that customers' expectations and interests are protected in a compliant manner.

The Board has a commitment to establish the highest levels of ethics and compliance. The NHFIL remains committed to upholding the highest standards of ethics and compliance by its employees. This commitment is reflected in its Code of Conduct that covers, among other issues, the following areas:

- Their relationship with and responsibilities to NHFIL.
- Their relationship with and responsibilities to customers.
- Compliance with laws and regulations.
- Acting in a professional and ethical manner.
- Protection of business assets.
- Disclosure of conflicts of interest.
- Prohibition of any conduct involving dishonesty, fraud, deceit or misrepresentation including insider trading.

## Dissemination of the statement of ethics and business practices

All NHFIL employees are required to sign a declaration form confirming that they have read and understood the Code of Conduct. The Human Resources department circulates the required declaration, and ensures that all employees signed the declaration. The Internal Control and Compliance (ICC) department, through regular audits, assesses whether any employees have breached the Code of Conduct.

## Board's commitment to establish high levels of ethics and compliance within NHFIL

The NHFIL's Board acknowledges its responsibility for ensuring that the Company's business activities are conducted in accordance with the highest standards of ethics and compliance. The Board views adherence to ethical standards and compliance as an integral part of the broader corporate governance framework and seeks to adopt a holistic approach in ensuring its implementation. As part of this, it has instituted a number of approaches to underline its commitment to high standards of ethical behaviour:

- Setting down standards of expected behaviour through the formulation and communication of a Code of Conduct.

- Installing a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis.
- Positioning Company policies and procedures on ethical foundations to ensure that ethical considerations are integrated in the day-to-day decision-making, activities and processes.
- Establishing a clearly-defined organizational structure that assigns responsibility and authority for the conduct of organizational functions while at the same time ensuring accountability for individual actions.
- Establishing a variety of monitoring mechanisms including the creation and empowerment of an operationally independent internal audit team with reporting responsibilities to the audit committee.
- Ensuring instant action with zero tolerance for identified instances of unethical and/or non-compliant behaviour.

## Existence of effective anti-fraud programs and controls through whistle-blower mechanism

In recent times, the Company has come to identify the risk of fraud as one of the emerging issues in the overall risk management framework. Planned anti-fraud initiatives include the introduction of a whistle-blower mechanism. A whistleblower policy has already been formulated and placed before the senior management for review and approval. Additionally, emphasis is placed on strengthening existing processes or activity levels and anti-fraud controls are embedded within the overall system of internal controls.

Employees are encouraged to report any wrong-doing within the FI. The Head of Internal Control and Compliance and Human Resources Divisions are the primary channel to report any incident. The Reporting channels offer the employees the opportunity to report while maintain their identity confidential. However, from experience National Housing understands that an effective whistleblowing policy demands for a shift in the culture. The National Housing has a division named Internal Control and Compliance Division which dedicatedly works to ensure effective controls mechanism in the entire business entity

## REMUNERATION COMMITTEE

### Roles of the Remuneration Committee

As per the Bangladesh Bank Circular Directors cannot be part of any committee except for Board Audit Committee and Board Executive committee. For this reason the Remuneration committee is fully comprised of the members of the management of NHFIL. The Head of Human Resources functions as the Secretary to the Committee.

The Roles and responsibilities of the Committee are the followings;

- Review the effectiveness of remuneration policy to ensure that whether the Board's set objectives and expectations are being met.
- Ensure that an effective remuneration policy, procedure and practice are in place, aligned with the organisation's strategy, and is applied consistently for all employee levels.
- Ensure that the structure and mix of fixed and variable pay and other elements are in alignment with the overall business objectives.
- Guide and give suggestion to HR team during preparation and review of any policy or process related to compensation and benefits.
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified, appropriately valued and promoting the performance based reward & recognition etc.

### Composition of the Remuneration Committee

Remuneration Committee of NHFIL consists of three members. The Remuneration Committee comprises of Managing Director, a vice president and Head of HR.



## Work conducted and meetings performed by the Committee

Meeting regarding overseeing the remuneration related policy by the Committee was held on need basis at a regular interval throughout the year. So, if any remuneration related issue needs committee's attention, it is placed as agenda for necessary review. However, if required, the meeting is held on need basis to review and discuss any remuneration related issue exclusively.

In addition to the regular roles and responsibilities, the Committee assist in formulation of Remuneration related policies and practices in alignment of the National Housing's short and long-term business objectives.

## Remuneration of Directors, Chairman, Managing Director and Senior Executives

The Directors of the Board are paid only honorarium for attending Board or Committee meetings. For attending the Board Meeting, Audit Committee Meeting and Executive Committee Meeting, the Directors receive an honorarium of Tk. 8000.00 each. During 2019, the expenditures incurred related to directors' remuneration were Tk. 1.12 million and details of which is shown in the page no 149. Total remuneration to the Managing Director for the year 2019 is Tk. 7.6 million which is separately disclosed in the notes to the Financial Statements no 27 The total cost related to employee compensation is also shown in the notes no 24.02 of the financial statements.

# HUMAN RESOURCE MANAGEMENT

## Human Resource Development and Management

Employees are the key driving force of National Housing's continuous success. A group of motivated and engaged employees with diverse talents are the key asset of National Housing. National Housing is highly reputed in the market as an employer of choice. The FI has positioned itself with a performance-driven rewarding work culture; where employees are treated with respect and receive NHFIL considers its employees as the most precious capital of the organization that play the crucial role in materializing the mission, vision, goals and objectives of the Company.

To ensure long term sustainability, NHFIL has a special focus on skill and merit based recruitment and selection process, highly competitive remuneration package, adequate training and development programs, career growth with succession planning, high performance culture and pleasant working atmosphere.

# COMMUNICATION TO SHAREHOLDERS & STAKEHOLDERS

## Communication with shareholders and other stakeholders

NHFIL strongly believes that all stakeholders should have access to complete information on its activities, performance and product initiatives.

### Communication through quarterly reports

The Company reports to its shareholders four times a year through quarterly and half-yearly reports and a detailed Annual Report.

### Communication through AGM

All shareholders have the right to attend the Annual General Meeting where they can communicate with the directors and express views regarding the company's business.

### Communication through website

The Company's website [www.nationalhousingbd.com](http://www.nationalhousingbd.com) displays, inter-alia, the Annual Reports, half yearly reports, quarterly reports, monthly business reviews, product offerings, recent announcements, presentations and event updates.

## Shareholder's participation in the AGM

All shareholders have the right to attend the Annual General Meeting where they can meet and communicate with the Directors and express their views regarding the Company's business, its future prospects and other matters of interest. The shareholders are always encouraged to attend the meetings or, if they are unable to attend, to appoint proxies.

Notice of the AGM is sent to the Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE), Bangladesh Securities and Exchange Commission (BSEC), online newspapers and print media. The notice of the AGM is also made available on the company website.

## ENVIRONMENTAL AND SOCIAL OBLIGATIONS

### Social and environmental responsibilities

At NHFIL, we believe in the concept of a sustainable business, one that integrates good governance, environmental issues and social concerns with its business strategies to maximize value for stakeholders. NHFIL's sustainability model is based on the 3P approach – People, Planet and Profit:

- People, our stakeholders with whom we engage for our business and the community where we live
- Planet, our surrounding environment and the planet
- Profit, our profit-generating capacity for long-term sustenance

Accordingly, NHFIL has aligned its CSR (Corporate Social Responsibility) initiatives to deliver on this commitment and aid community empowerment and responsible environmental management in a sustainable manner. At NHFIL, we are also focusing on Earth and its sustainability, shifting from the traditional financing approach.

### Description of the Company's Policies and practices relating to social and environmental responsibility of National Housing:

In harmony with a natural and fresh environment, efficient use of reserves and appreciation for people's well-being and safety, National Housing is constantly working towards decreasing consumption of energy (especially electricity, water and gas) at its branches, removal of use of hazardous substances from its practices and reducing waste generation. National Housing is moving forward and thinking about implementing it more through the branches.

Bangladesh Bank has taken steps to inspire green banking in Bangladesh through the issuance of guidelines on green banking and Environmental Risk Management (ERM). It is always inspiring banks in lessening paper communications and fitting solar power system in branches and giving refinance to the solar energy, bio-gas and Effluent Treatment Plant (ETP) sectors at eased interest rates.

National Housing has always been committed to the environment and also been active in social activities throughout the year and will remain to do so in the future.

## STATEMENT OF MANAGING DIRECTOR AND CFO REGARDING FINANCIAL STATEMENTS

A separate statement as to the fairness and presentation of the Financial Statements of the Company is given at page 105 of this report.

## ANNUAL GENERAL MEETING (AGM)

NHFIL holds Annual General Meetings (AGM) in due time and ensures effective interaction with the shareholders at the AGMs. The directors pay special attention to explaining and satisfying the various queries raised by the shareholders at the AGMs.

The Company's operational outcomes and official news releases are displayed on the Company's website and on the websites of the Dhaka and Chittagong Stock Exchanges. The Company also publishes the news required to be published in national daily newspapers.

### Resolutions passed at the previous AGM, i.e. 20<sup>th</sup> AGM held on 02<sup>nd</sup> May 2019

Details of the previous AGM are as follows:

Particulars	Date & Time Venue	Venue
20 <sup>th</sup> AGM	Thursday the 02 <sup>nd</sup> May 2019, at 11.00 a.m.	Eagle Hall, RAOWA Convention Hall, VIP Road, Mohakhali, Dhaka-1206

### The matters approved of by the shareholders in the last AGM are as follows:

- Financial Statements for the year ended December 31, 2018;
- Dividend (Cash @ 10.00% & Stock @ 10.00%);
- Election/re-election of Directors: Directors who were eligible for re-election and expressed their interest to be elected as Directors in the 20<sup>th</sup> AGM are: Mr. Mahbubur Rahman representing Eastland Insurance Co. Ltd., Mr. M. Nurul Alam representing Shaw Wallace Bangladesh Ltd., Mr. Md. Kabir Reza, FCMA representing Square Pharmaceuticals Ltd.
- Appointment of Auditors: M/s Syful Shamsul Alam & Co., Chartered Accountants as external Auditor and M/s SA Rashid & Associates, Chartered Secretary as Compliance Auditor of the Company;

### General Shareholders' Information for 21<sup>st</sup> AGM:

- Date : September 20, 2020; Time 12.00 noon.
- Venue: Digital platform.
- Virtual AGM link: [www.digitalagmbd.net/NHFIL21AGM](http://www.digitalagmbd.net/NHFIL21AGM)
- Financial Reporting Calendar : January 01, 2019 to December 31, 2019
- Date of Book Closure/Record date: 18 August, 2020.

### Agenda to be discussed:

- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2019 together with reports of the Directors and Auditors thereon;
- To declare dividend for the year ended December 31, 2019;
- To elect/re-elect Directors in accordance with the relevant provisions of the Articles of Association of the Company and to confirm the appointment of Independent Director;
- (a) To appoint Auditors and fix their remuneration for the year 2020;  
(b) To appoint Compliance Auditor for the year 2020;
- Dividend Payment Date: The dividend if declared by the shareholders at the AGM shall be paid on or before October 19, 2020, i.e. within 30 days from the date of declaration.



# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2020/156

**BAPLC**

Date of issue : June 9, 2020

## Renewed Certificate

*This is to certify that*

**NATIONAL HOUSING FINANCE & INVESTMENTS LIMITED**  
is an Ordinary Member of **Bangladesh Association of Publicly Listed Companies**  
and is entitled to all the rights and privileges appertaining thereto.

*This certificate remains current until 31<sup>st</sup> December 2020.*



  
Secretary-General

## BOARD MEETING AND ATTENDANCE OF DIRECTORS

During the year 2019, 10 meeting of the Board were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2019
			Held	Attended	
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	10	00	
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	10	10	
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	10	07	
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Director	10	03	
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	10	09	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	10	08	
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	04	04	Resigned on 27.06.2019
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	10	10	
Dr. Toufic Ahmad Choudhury		Independent Director	09	08	Appointed on 04.02.2019
Mr. Kazi Mashihur Rahman		Independent Director	06	03	Appointed on 13.05.2019 & resigned on 30.10.2019
Mr. Imtiaz Mahmood		Independent Director	04	00	Tenure expired on 13.05.2019
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	10	10	

## EXECUTIVE COMMITTEE MEETING AND ATTENDANCE OF DIRECTORS

During the year 2019, 16 meeting of the EC were held. Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2019
			Held	Attended	
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Chairman	16	16	
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Member	16	04	
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Member	16	16	
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Member	08	07	Resigned on 27.06.2019
Dr. Toufic Ahmad Choudhury	Independent Director	Member	08	08	Appointed on 27.06.2019
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	16	16	



## AUDIT COMMITTEE MEETING AND ATTENDANCE OF DIRECTORS

During the year 2019, 4 meeting of the Audit Committee were held.  
Attendance of the Director is stated below:

Name of the Directors	Nominated by	Designation	Number of Meetings		Change During 2019
			Held	Attended	
Dr. Toufic Ahmad Choudhury	Independent Director	Chairman	04	04	No change
Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Member	04	04	
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Member	04	01	
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Member	04	03	
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	04	04	

## REMUNERATION PAID TO DIRECTORS INCLUDING INDEPENDENT DIRECTORS (INCLUDING AIT EXCLUDING VAT) DURING THE YEAR 2019

Name of the Directors	Nominated by	Designation	Board Meeting	EC Meeting	Audit Committee Meeting	Total
Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	-	-	-	-
Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	80,000	-	-	80,000
Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	56,000	-	8,000	64,000
Syed M. Altaf Hussain	Pragati Insurance Ltd.	Director	24,000	32,000	-	56,000
Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	72,000	128,000	-	200,000
Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	64,000	-	24,000	88,000
Mr. M. Nurul Alam	Shaw Wallace Bangladesh Ltd.	Director	32,000	56,000	-	88,000
Mr. Md. Kabir Reza, FCMA	Bangladesh Lamps Ltd.	Director	80,000	128,000	32,000	240,000
Dr. Toufic Ahmad Choudhury		Independent Director	64,000	64,000	32,000	160,000
Mr. Kazi Mashihur Rahman		Independent Director	24,000	-	-	24,000
Mr. Imtiaz Mahmood		Independent Director	-	-	-	-
Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	N/A	N/A	N/A	N/A

# PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2019

On the basis of shareholders types:

Group Name	No. of Shareholder(s)	No. of Share(s)	Percentage (%)
Company	124	11,954,319	10.21
General Public	4711	21,308,239	18.21
Investor Account (Omnibus)	125	1,485,667	1.27
Mutual Fund	1	200,000	0.17
NRB (Non Residential)	38	12,282	0.01
Sponsor Share	15	82,068,521	70.13
Unite Fund	1	2,172	0.00
<b>Total</b>	<b>5015</b>	<b>117,031,200</b>	<b>100.00</b>

Distribution schedule of each class of equity security setting out of the number of holders and percentage:

Shareholding Range	Number of Shareholder(s)	No. of Shares	Percentage (%)
1-500	2,308	257,419	0.22
501-5000	1,903	3,442,257	2.94
5001-10000	326	2,320,396	1.98
10001-20000	240	3,402,339	2.91
20001-30000	70	1,742,082	1.49
30001-40000	31	1,083,942	0.93
40001-50000	20	926,922	0.79
50001-100000	44	3,188,183	2.72
100001-1000000	51	11,565,506	9.88
1000001 to above	22	89,102,154	76.14
<b>Total</b>	<b>5,015</b>	<b>117,031,200</b>	<b>100.00</b>

## On the basis of Related Parties

### A. Shareholding status of Parent/Subsidiary/Associated Companies and other related parties (Name wise details)

Sl. No	Name of Shareholder	Designation	No. of Share (s) held	Percentage (%)
1	Eastland Insurance Co. Ltd	Director	5,635,624	4.82%
2	Eastern Insurance Co. Ltd	Director	5,635,624	4.82%
3	Reliance Insurance Ltd	Director	5,635,624	4.82%
4	Pragati Insurance Ltd	Director	5,324,462	4.55%
5	Bangladesh Lamps Ltd.	Director	5,635,603	4.82%
6	Borak Travels (Pvt.) Ltd	Director	5,635,603	4.82%
7	Square Pharmaceuticals Ltd	Director	5,525,795	4.72%
8	National Bank Ltd	Sponsor	5,643,000	4.82%
9	United Commercial Bank Ltd	Sponsor	5,635,624	4.82%
10	IFIC Bank Ltd	Sponsor	5,288,910	4.52%
11	National Life Insurance Co. Ltd	Sponsor	5,635,624	4.82%
12	Sadharan Bima Corporation	Sponsor	5,635,604	4.82%
13	Jiban Bima Corporation	Sponsor	5,288,910	4.52%
14	Shaw Wallace Bangladesh Ltd	Sponsor	5,288,910	4.52%
15	HRC Bangladesh Ltd	Sponsor	4,623,604	3.95%

### B. (i) Directors and their spouses and minor children (name wise details)

Sl.	Name of the Director/ Shareholder	Nominated by	Designation	No. of Share (s) held	Percentage (%)
1	Mr. Latifur Rahman	Bangladesh Lamps Ltd.	Chairman	Nil	Nil
2	Mr. Mahbubur Rahman	Eastland Insurance Co. Ltd.	Director	Nil	Nil
3	Mr. Akhtar Ahmed	Reliance Insurance Ltd.	Director	Nil	Nil
4	Syed M. Altaf Hussain	Pragati Insurance Limited	Director	Nil	Nil
5	Mr. Muminul Haque Chowdhury	Borak Travels (Pvt.) Ltd.	Director	Nil	Nil
6	Mr. Azmal Hossain	Eastern Insurance Co. Ltd.	Director	Nil	Nil
7	Mr. Md. Kabir Reza, FCMA	Square Pharmaceuticals Ltd.	Director	Nil	Nil
8	Dr. Toufic Ahmad Choudhury		Independent Director	Nil	Nil
9	Mr. Md. Khalilur Rahman		Managing Director (Ex-Officio member)	Nil	Nil

### B. (ii) Shareholding Status of CFO, CS and Head of Internal Audit & their spouses & minor children (name wise details)

Sl. No	Name of the Executive	Designation	No. of Share(s) held	Percent (%)
1	Mr. Sayed Ahmed, FCMA	Chief Financial Officer	Nil	Nil
2	Mr. Md. Sarwar Kamal FCS	Company Secretary	Nil	Nil
3	Mr. Prabir Shel	Head of Internal Audit	Nil	Nil

### C. Executive (Top five salaried persons other than CEO, CFO, CS & HIA)

Sl. No	Name of the Executive	Designation	No. of Share(s) held	Percent (%)
1	Mr. Shital Chandra Saha	SVP & Head of Operation	Nil	Nil
2	Mr. Md. Nazrul Islam	VP & Head of Motijheel Branch	Nil	Nil
3	Mr. Md. Abdul Baten	VP & Head of Recovery	Nil	Nil
4	Mr. Abu Naser Md. Ahad Sarkar	VP & Head of Bogura Branch	Nil	Nil
5	Mr. Mahbubur Rashid Al-Amin	VP & Head of Principal Branch	Nil	Nil

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 (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	BOARD OF DIRECTORS			
1.(1)	Board Size (number of Board members to be 5-20)	✓		
1.(2)	Independent Directors			
1.(2).(a)	Number of Independent Directors [at least one-fifth]	✓		
1.(2).(b)	Independent Director (ID) means a director:			
1. (2).(b).(i)	Holding no share or holding less than 1% shares	✓		
1. (2).(b).(ii)	Not being a sponsor and connected with any sponsor or director or shareholder holding 1% or more shares	✓		
1. (2).(b).(iii)	Who has not been an executive of the company	✓		
1. (2).(b).(iv)	Does not have any other relationship	✓		
1. (2).(b).(v)	Not a Member, Director or Officer of any Stock Exchange	✓		
1. (2).(b).(vi)	Not a Shareholder, Director or Officer of any Member of Stock Exchange.	✓		
1. (2).(b).(vii)	Not a partner of an Executive or was not a partner of an Executive during the preceding 3 (Three) years of the concerned Company's statutory audit firm.	✓		
1. (2).(b).(viii)	Not an Independent Director in more than five (5) listed Companies.	✓		
1. (2).(b).(ix)	Not Convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Bank or a Non-Bank Financial Institution.	✓		
1. (2).(b).(x)	Not convicted for a Criminal Offence	✓		
1. (2).(c)	Appointment by the Board and approved 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	✓		
1. (3)	QUALIFICATION OF INDEPENDENT DIRECTOR			
1. (3).(a)	Independent Director shall be a knowledgeable individual	✓		
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			N/A
1. (3). (b). (ii)	Should be a Corporate Leader/Business Leader			N/A
1. (3). (b). (iii)	Former official of government.	✓		
1. (3). (b). (iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law	✓		
1. (3). (b). (v)	Professional Chartered Accountant/ Secretary or equivalent qualification.			N/A
1. (3). (c)	The independent director shall have at least 10(ten) years of experiences	✓		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. (3). (d)	Relaxation in special cases			N/A
<b>1. (4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			
1. (4). (a)	The posts of Chairman of the board and Chief Executive Officer are filled by different individuals.	√		
1. (4). (b)	The MD and 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 the non-executive directors of the company	√		
1. (4). (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director.	√		
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.	√		
<b>1. (5)</b>	<b>The Directors' Report to Shareholders :</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 including internal and external risk factor.	√		
1. (5). (iv)	A discussion on Cost of Goods sold Gross profit Margin and Net Profit Margin.			N/A
1. (5). (v)	A discussion on continuity of any extraordinary activities and their implications (gain or Loss)			N/A
1. (5). (vi)	Basis for related party transactions-a statement of all related party transactions	√		
1. (5). (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments			N/A
1. (5). (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat public Offering(RPO), Rights Offer, Direct Listing etc.			N/A
1. (5). (ix)	If significant variance occurs between Quarterly Financial Performance and Annual Financial Statements the management shall explain about the variance on their Annual Report			N/A
1. (5). (x)	Statement on remuneration to Directors including Independent Director	√		
1. (5). (xi)	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	√		
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 Statement (IAS) Bangladesh Accounting Standard (BAS) /International Financial Reporting standard (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	√		



Condition No.	Title	Compliance Status (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. (5). (xvi)	A statement that minority shareholders have been protected from abusive actions by, or indirectly and have effective means of redress	✓		
1. (5). (xvii)	There are no significant doubts 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 thereof should 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
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 thereof shall be given			N/A
1. (5). (xxi)	Declaration that no stock div. paid as interim div.	✓		
1. (5). (xxii)	The number of Board meetings held during the year and attendance by each Director shall be disclosed	✓		
<b>1. (5). (xxiii)</b>	<b>A report on the pattern of shareholding disclosing the aggregate (name wise details)</b>			
1. (5). (xxiii).(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details)	✓		
1. (5). (xxiii).(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit 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)	✓		
<b>1. (5). (xxiv)</b>	<b>In case of the appointment or re-appointment of a Director, a discloser on the following information to the shareholders;</b>			
1. (5). (xxiv).(a)	In case of the appointment or re-appointment of a director-A brief resume of the director	✓		
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 memberships of committees of the Board	✓		
<b>1. (5). (xxv)</b>	<b>A Management's Discussion and Analysis Report 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:</b>			
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			N/A
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	✓		
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 globe	✓		

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1. (5). (xxv).(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	√		
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	√		
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 of the Code	√		
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	√		
1. (6)	Meeting related activities of the Board of Directors shall be complied under Bangladesh Secretarial Standards (BSS) in so far as those standards are not inconsistent with any condition of this Code	√		
<b>1.(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
1. (7). (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee(NRC)			The Board has laid down a code of conduct
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, rules and regulations , prohibition of insider trading, relationship with environment, employees, customers and suppliers, and independency.			The code of conduct as laid down by the board has been posted on the website
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			N/A
2.(b)	One Independent Director of holding company also in the subsidiary company			N/A
2.(c)	Minutes of subsidiary company to be placed in the meeting of holding company			N/A
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			N/A
2.(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company			N/A
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer, Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
3.(1)	Appointment			
3.(1).(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer, a Company Secretary (CS), Chief Financial Officer(CFO), and Head of Internal Audit and Compliance (HIAC)	√		
3.(1).(b)	The positions of the MD,CEO,CS,CFO,HIAC shall be filled by different individuals	√		

Condition No.	Title	Compliance Status (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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)	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			N/A
3.(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	✓		
<b>3.(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
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	✓		
3.(3).(b)	The MD or CEO and CFO to certify on due diligence in the Report	✓		
3.(3).(c)	The certification of the MD or 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			As per Bangladesh Bank DFIM Circular Letter No. 07 Dt: 25.09.2007, FI's are allowed to form only Audit Committee & Executive Committee as the sub-committee of the Board
5	Audit Committee			
5.(1)	Responsibility to the Board of Directors			
5.(1).(a)	The company shall have an Audit Committee as a sub-committee of the Board	✓		
5.(1).(b)	The Audit Committee shall 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	✓		
5.(1).(c)	The Audit Committee shall report on its activities to the Board of Directors	✓		

Condition No.	Title	Compliance Status (Put “√” in the appropriate column)		Remarks (if any)
		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)	The Board appoint members of the Audit Committee who shall be non-executive Directors	√		
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 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 office until expiration of the term of service appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month			N/A
5.(2).(e)	The Company Secretary shall act as the Secretary of the Audit Committee	√		
5.(2).(f)	The 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 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee who will be ID.	√		
5.(3).(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson			N/A
5.(3).(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM)	√		
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)	The quorum 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	√		
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 on annual financial statements before submission to the Board for approval or adoption	√		
5.(5).(f)	Review the annual financial statements before submission to the Board for approval	√		
5.(5).(g)	Review 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	√		

Condition No.	Title	Compliance Status (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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	✓		
5.(5).(m)	Oversee whether IPO proceeds utilized as per the published Prospectus			N/A
<b>5.(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5.(6).(a)</b>	<b>Reporting to the Board of Directors</b>			
5.(6).(a).(i)	The Audit Committee shall report on its activities to the Board	✓		
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			N/A
5.(6).(a).(ii).(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process.			N/A
5.(6).(a).(ii).(c)	Suspected infringement of laws, regulatory compliance including securities related laws, rules 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
<b>5.(6).(b)</b>	<b>Reporting to the Authorities</b>			
<b>5.(7)</b>	<b>Reporting to the Shareholders and General Investors</b>			
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
<b>6.(1)</b>	<b>Responsibility to the Board of Directors</b>			
6.(1)				As given in condition 4(ii) of the above
6.(1).(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board			"
6.(1).(b)	The 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 covering the areas stated at the condition			"
<b>6.(2)</b>	<b>Constitution of the NRC</b>			
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 nonexecutive directors			"
6.(2).(c)	Members of the Committee shall be nominated and appointed by the Board			"
6.(2).(d)	The Board shall have authority to remove and appoint any member of the committee			"
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			"
6.(2).(f)	The Chairperson of the Committee may appoint or co-opt any external expert members			"



Condition No.	Title	Compliance Status (Put "✓" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company			"
<b>6.(3)</b>	<b>Chairperson of the NRC</b>			
6.(3).(a)	The Board shall select 1 ( One ) member of the NRC to be Chairperson of the Committee			"
6.(3).(b)	The absence of chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting			"
6.(3).(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM)			"
<b>6.(4)</b>	<b>Meeting of the NRC</b>			
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			"
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			"
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			"
<b>6.(5)</b>	<b>Role of NRC</b>			
6.(5).(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders			"
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			"
6.(5).(b).(i).(b)	The relationship of remuneration to performance is clear and meets appropriate performance			"
6.(5).(b).(i).(c)	The remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long term performance			"
6.(5).(b).(ii)	Devising a policy on Board's diversity taking into consideration age, experience etc.			"
6.(5).(b).(iii)	Identifying persons who are qualified 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			"

Condition No.	Title	Compliance Status (Put "√" in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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 during the year at a glance in its annual report			"
<b>7</b>	<b>External or Statutory Auditors</b>			
7.(1).(i)	External or Statutory Auditors shall not be engaged in Appraisal or valuation services or fairness opinions	√		
7.(1).(ii)	External or Statutory Auditors shall not be engaged in Financial information systems design and implementation	√		
7.(1).(iii)	External or Statutory Auditors shall not be engaged in Book- keeping or other service related to the accounting records	√		
7.(1).(iv)	External or Statutory Auditors shall not be engaged in Broker –dealer services	√		
7.(1).(v)	External or Statutory Auditors shall not be engaged in Actuarial services	√		
7.(1).(vi)	External or Statutory Auditors shall not engage Internal audit services	√		
7.(1).(vii)	External or Statutory Auditors shall not be engaged in any services that the Audit Committee may determine	√		
7.(1).(viii)	External or Statutory Auditors shall not be engaged in Certification services on compliance of corporate governance	√		
7.(1).(ix)	External or Statutory Auditors shall not be engaged in any other service that may create conflict of interest	√		
7.(2)	No partner or employees of the External or Statutory Auditors audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company	√		
7.(3)	Representative of External or Statutory Auditors shall remain present in the Shareholders Meeting (Annual General Meeting or Extraordinary General Meeting)	√		
<b>8</b>	<b>Maintaining a website by the company</b>			
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 exchanges	√		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance</b>			
9.(1)	The company shall obtain a certificate from a practicing professional firm on yearly basis regarding compliance of conditions of Corporate Governance and 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 Annual General Meeting	√		
9.(3)	The directors of the company shall state, in accordance with the Annexure-C of the code attached, in the directors report whether the company has complied with these conditions	√		