

REPORT ON

CORPORATE GOVERNANCE

Preface

Corporate governance entails a set of relationships between a company's management, its board, its shareholders and other stakeholders. It does also endow with the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Effective corporate governance is indispensable to the proper functioning of the insurance sector and the economy as a whole.

The Main objective of our corporate governance is to safeguard the stakeholders' interest in conformity with applicable rules and regulations on a sustainable basis.

Sound Corporate Governance

Our supervisors have a keen interest in our sound corporate governance, as it is an essential element in the safe functioning of the company and may adversely affect the company's risk profile if not operating effectively.

Well-governed banks contribute to the maintenance of an efficient and cost-effective supervisory process, as there is less need for supervisory intervention. Effective implementation of sound corporate governance requires relevant legal, regulatory and institutional foundations. A variety of factors, including the system of insurance business laws, stock exchanges rules, BSEC regulation and international accounting standards, affects market integrity and systemic stability. Such factors, however, are often outside the scope of banking supervision. Supervisors are nevertheless encouraged to be aware of legal and institutional impediments to sound corporate governance, and to take steps to foster effective foundations for corporate governance where it is within their legal authority to do so. Where it is not, supervisors may wish to consider supporting legislative or other reforms that would allow them to have a more direct role in promoting or requiring sound corporate governance.

Corporate governance determines the allocation of authority and responsibilities by which the business and affairs of an insurance are carried out by its shareholders, board and senior management, including how they:

- set the Company's strategy and objectives;
- select and oversee personnel;
- operate the Insurance's business on a day-to-day basis;
- protect the interests of depositors, meet shareholder obligations, and take into
- account the interests of other recognized stakeholders;
- align corporate culture, corporate activities and behaviour with the expectation that
- the insurance will operate in a safe and sound manner, with integrity and in compliance
- with applicable laws and regulations; and
- Establish control functions.

The following sections describe the Board's primary corporate governance policies and practices with specific references to the Principles of the Code. These policies and practices are constantly reviewed as the corporate governance environment continually evolves.

This statement outlines the key aspects of the Insurance's corporate governance framework. The company is committed to ensuring that its policies and practices reflect a high standard of governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines, designed to balance properly performance and conformance. In Green Delta, corporate governance means increasing the stakeholders' value by being efficient & professional to the organization, transparent and accountable to the shareholders and responsible to the society and the environment. The Board of directors plays a key role in corporate governance. It is their responsibility to endorse the organization's strategy, develop directional policy, appoint and supervise senior executives and to ensure accountability of the organization to its owners and regulatory authorities.

Practices we admire

- Chairman leads the Board of Green Delta Insurance Co. Ltd.
 - Representation of women on the Board is encouraging.
 - The Company is being run in line with Corporate Governance Policy of the regulators.
 - Shareholders vote for individual directors.
-

- All Board's Committees meet independent guidelines in respect of composition.
- The Board conducts an annual review of its performance and that of its Committees.
- An orientation program is in place for all new directors.
- All directors, executives/officers and employees of Green Delta are required to acknowledge their adherence annually to Insurance's guidelines for business conduct

BOARD OF DIRECTORS, CHAIRMAN AND CEO

Company's Policy on Appointment of Directors

The members of the Board of Directors of Green Delta Insurance Company Limited are appointed pursuant to the provision of Companies Act 1994, Insurance Act 2010, Bangladesh Securities and Exchange Commission (BSEC) Notifications and Memorandum & Articles of Association of the company. Independent Directors have been appointed by the Board as per regulatory requirement. The Board is comprised of experienced members from diverse professions like businesses, administration, banking & finance, Insurance, accounting, general management, teaching, and engineers which make the Board very executive and balanced in deciding and directing various issues of the Bank.

Selection and Appointment of New Directors

The selection and appointment of new directors and the reappointment of existing Directors are being made in line with the following obligations and duties:

1. Frequent assessment of the size and structure of the Board and the mix of knowledge, skills, experiences and perceptions that may be necessary to allow the Board to perform its functions.
2. Recognizing the capabilities and following the approved procedure to ascertain that an applicant designated by the shareholders possesses the same. The directors are selected by the shareholders in the Annual General Meeting. Casual vacancy, if any, are filled up by the Board in accordance with the conditions mentioned in the Companies Act and Articles of Association of the Company, one-third Directors shall retire in the 32th AGM and they are also eligible for reelection.

Board Size and its constitution

The Board of Directors of GDICL consists of 14 (fourteen) directors including 2 (two) independent directors.

The appointment 01 more independent director is in progress. The number of directors is within the limit fixed by the guidelines. The Board ensure that the adequate representation of non-executive directors.

Independent Director(s)

a. Number of Independent Directors

The total number of Independent Directors on the Board of GDICL are 2 (two) while 01 (one) appointment of Independent Directors is in progress as per condition 1.2 (i) of the guidelines.

b. Qualification of Independent Directors

Each of the Independent Directors meets the requirements as precondition 1.2(ii) of the guidelines, and does have qualifications as precondition 1.3 of the guidelines. Each Independent Director is highly qualified and knowledgeable person having integrity, ability to ensure compliance with laws and ability to make meaningful contribution and more than 15 years of professional experience

Chairman and Chief Executive Officer (CEO)

Position of Chairman and the Chief Executive Officer:

The positions of the Chairman of the Board and the Chief Executive officer (CEO) of GDCIL have been filled by different individuals as precondition 1.4 of the guidelines. From among the directors of the company Mr. Md. Abdul Karim, one of the Independent Directors, has been elected as the Chairman, while Ms. Farzana Chowdhury ACII (UK) has been the Managing Director & CEO of the Company.

The functional responsibilities of the Chairman of the Board and of the Managing Director and CEO are kept separate and independent of each other.

Roles and Responsibilities of the Chairman:

The Chairman of the Board of Director is responsible for leading the Board and overseeing the entire functioning of the Company. The success of a Board meeting is dependent almost entirely on the art of conduct of the same by its chairman. Mr. Md. Abdul Karim is the current Chairman of the Board. Through his dynamic leadership, he is leading the Board towards the success of the Company.

The Chairman of the Board is elected to the office of Chairman by the Directors. The Chairman's primary responsibility is to lead the Board, to ensure a common purpose and effectiveness as a group to uphold and promote high standards of integrity, probity and corporate governance. The Chairman has the link between the Board and the Company.

The Major Roles and Responsibilities of the Chairman are as follows:

- a. The Chairman of the Board does not participate in or interfere into the administrative or operational affairs of the company since he does not personally possess the jurisdiction to apply policy making or executive authority.
- b. Sometimes the Chairman conducts on-site inspection of financing activities under the purview of the oversight responsibilities of the Board. He has the right to call for any information relating to company's operation for investigation into any such affairs and thereby submit such information or investigation report to the meeting of the Board or to the executive committee and, if considered necessary, with the approval of the Board, he may adopt pragmatic initiatives with reference to the set rules through the CEO.
- c. For the business interest of the Company, the Chairman may be offered an office room, a personal secretary/assistant, an office telephone, a mobile phone and a car for using within the country.

Managing Director and Chief Executive Officer

Company's MD and CEO is Ms. Farzana Chowdhury. The detail information of MD and CEO is given in separate under section: 1.3.7

Roles and Responsibilities of the Managing Director and CEO:

The Managing Director and CEO is responsible for implementation of Board policies and overall Management of the company. She discharges her duties under the delegation of financial, business and administrative authority given to her by the Board.

The Main Responsibilities and Authorities of the Managing Director are as follows:

The CEO undertakes her own responsibilities when the board vests the financial, business and administrative authorities on her. She remains accountable for achievement of financial and other business targets by means of business plan, efficient implementation and prudent administrative and financial management.

The CEO ensures compliance of the Insurance Act, 2010 and other relevant laws and regulations in performing routine functions of the company. At the time of presenting any memorandum by the management in the Board Meeting or Board Committee Meeting, the CEO points out if there is any deviation from the Insurance Act, 2010 and other relevant laws and regulations.

The CEO remains accountable to report to IDRA if any violation of the Insurance Act, 2010 or of other laws/regulations is occurred etc

Appraisal of the Board's Performance

Green Delta Insurance Company Limited has not set any option for annual appraisal of the board's performance. However, evaluation of the Board is performed at the AGM by the shareholders.

Appraisal and evaluation of CEO by the Board

While reappointing CEO, an evaluation report approved by the board of directors submitted to IDRA by the chairman of the Board. Besides, key evaluation indicators for CEO as well as Management is profitability, yearly budget achievement, dividend ratio, return on equity, return on assets, earnings per share, CAMELS ratings, credit rating, classified loan ratio etc. which are reviewed by Board of Directors on periodically basis.

Mechanism to provide advice to the Board GDIC maintains transparent and close communication with its shareholders. With this view we publish annual & semiannual reports, publish quarterly financials and price sensitive information (PSI) in newspapers for shareholders, investors, capital market experts, and other equity participants in a complete, fair, accurate, timely and understandable manner within the framework of generally accepted accounting principles and legislation provisions. Our company's shareholders can also use their query rights or can provide any recommendations or direction to the Board of directors at the annual general meeting and the Board answers all questions of shareholders. Prior to AGM, the meeting date, venue and agenda are announced and also the annual report is submitted to the shareholders through our company's website or through different channels. After getting feedback from shareholders at AGM, the Board then directs the management to implement the recommendations of the shareholders. If the Management requires making any change in policy or practice, the Board approves those changes; otherwise if this authority of approval is beyond the power of the Board, this can be approved by the shareholders of GDIC at AGM through voting.

Continuous Development Program

Green Delta believes that regular training and development are essential to equip all directors with the appropriate skills and knowledge to perform their roles on the Board and Board Committees effectively. On an annual basis, the Board assesses the skills that the Board collectively needs in order to discharge its responsibilities effectively and identifies steps to improve effectiveness.

Delegation by the Board

The Board delegates authority and powers to Board Committees to oversee specific responsibilities without abdicating its responsibilities. These Committees report on a periodical basis to the Board and enable the Board to carry out its stewardship and fiduciary responsibilities in an efficient manner.

Board Induction

A formal letter of appointment setting out the director's duties and obligations is provided to every new director. Comprehensive and tailored induction is provided to incoming directors joining the Board. The induction program allows the director to assimilate into his or her new role as soon as possible.

Meetings of the Board of Directors

The Directors hold regular meetings to ensure smooth operation of the Company. At least 4 (four) such meetings are held every year and at least 1 (one) in each quarter. During the year 2017 Four (04) meetings of the Board were held.

Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)

Three separate persons, each of different specialized discipline, have been appointed. Their role has been defined by the Board. The CFO/CS regularly attend the Board Meeting.

Duties of Chief Financial Officer (CFO)

The Provision of BSEC regulations are being complied with on regular basis

Subsidiary Company

As required by condition 5 of the guidelines,

- (i) The provisions relating to the composition of Board of Directors for each subsidiary company have

been complied with.

- (ii) At least 1 (one) independent director on the Board of Directors of GDICL is a director on the Board of Directors of its subsidiary company.
- (iii) The minutes of Board Meetings of the subsidiary companies are placed for review at the following Board Meeting of GDICL.
- (iv) The minutes of the respective Board Meeting of GDICL states that the Board has reviewed the affairs of the subsidiary companies.
- (v) The Audit Committee of GDICL also reviews the financial statements of, and in particular the investments made by, the subsidiary companies

Report on Compliance with best Practices on Corporate Governance that is reviewed by External Auditors

The Directors confirm that the company has also complied with all conditions of Corporate Governance Guidelines issued by BSEC. As required by condition 7 of the guidelines,

- (i) The company engages a Practicing Chartered Secretary for issuance of a certificate regarding compliance of conditions of Corporate Governance Guidelines of BSEC and sends the certificate to the shareholders along with the Annual Report
- (ii) The director's states, in accordance with the Annexure to the guidelines, in the directors' report whether the company has complied with all the conditions of the guidelines
- (iii) For the year 2017, Status of Compliance of Corporate Governance Guidelines is shown separately
- (iv) For the year 2017, Practicing Chartered Secretary Mr. S. Abdur Rashid FCS was engaged for issuing a certificate regarding such compliance and the Certificate be annexed

Shareholding Pattern as on December 2017

SL	Name of Shareholder	Description	Number of Shares	%
A. Parent/Subsidiary/Associated Companies and related parties (name wise details)			Nil	Nil

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

01	Md. Abdul Karim	Independent Director and Chairman	00	0.00
02	Kamran Idris Chowdhury	Vice Chairman	400,382	0.50
03	A.Q.M. Nurul Absar	Director	1,633,210	2.02
04	Dilruba Chowdhury	Director	1,659,322	2.06

SL	Name of Shareholder	Description	Number of Shares	%
05	Khurshida Chowdhury	Director	4,253,306	5.27
06	Asif A. Choudhury	Director	1,633,185	2.02
07	Shamsun Nahar Begum Chowdhury	Director	1,633,319	2.02
08	Mesbah Dilwar Rahman	Director	1,633,245	2.02
09	Iqbal Khan (Jamal)	Director	1,633,319	2.02
10	Arif A. Choudhury	Director	1,633,186	2.02
11	Razia Rahman	Director	48,186	0.06
12	Marufa Anwar	Director	3,016	0.00
13	Nurul Hussain Khan	Independent Director	00	0.00
14	IFC represented by Steve Murphy	Nominee Director	6,455,295	8.00

B. (ii) Managing Director, CFO, Company Secretary & Head of Internal Audit and their spouses and minor Children (name wise details)

01	Farzana Chowdhury Chartered Insurer, ACII (UK)	Managing Director and CEO	4,034,560	5.00
02	Nazim Tazik Chowdhury	Additional Managing Director and Chief Financial Officer	42,310	0.06
03	Syed Moinuddin Ahmed	Additional Managing Director & Company Secretary	Nil	Nil
04	Kabir Ahmed Chowdhury	Head of Internal Audit	Nil	Nil

C. Executives [Top 5 salaried employees]

01	Nasir A. Choudhury	Advisor	3,182,382	3.94
02	Farzana Chowdhury Chartered Insurer, ACII (UK)	Managing Director and CEO	4,034,560	5.00
03	A.S.A Muiz	Sr. Consultant	30,643	0.04
04	Golam Mustofa	Sr. Consultant	Nil	Nil
05	Syed Moinuddin Ahmed	Additional Managing Director & Company Secretary	Nil	Nil

D. Shareholders Holding Ten Percent (10) or More Voting Interest in the Company

01	--	--	--	--
----	----	----	----	----

CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE GUIDELINES

S. Abdur Rashid FCS

BCom (Hons), MBS (Finance & Banking), MBA (Finance), PGDHRM, LLB, AIPM

Chartered Secretary in Practice

Private Practice Certificate No.: 003

Phone # +880 2 9558796, +88 01726533655

E-mail : sarashid12000@yahoo.com

SARashid & Associates
(Chartered Secretaries)

Noakhali Tower (12th Floor, 13-D)

55/B Purana Paltan, Dhaka-1000, Bangladesh

E-mail : sarashidnasso@gmail.com

Certificate on Compliance of Corporate Governance Guidelines [Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]

I have reviewed the Compliance of Conditions of the Corporate Governance Guidelines by **Green Delta Insurance Company Limited** (“the Company”) for the year ended 31 December 2017. Such compliance is the responsibility of the Company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

I have conducted my review in a manner that has provided me a reasonable basis for evaluating the compliances and expressing my opinion thereon. This review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to me by the Company, I hereby certify that all the conditions of the Corporate Governance Guidelines, except Number of Independent Directors, have been complied with by the Company.



S. Abdur Rashid FCS



Dhaka, 27 February 2018