

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATION

**Report to the Shareholders  
of  
Al Arafa Islami Bank Limited  
On Compliance on the Corporate Governance Codes  
For the year ended on 31<sup>st</sup> December 2023**

We have examined the compliance status to the corporate governance Code by **Al Arafa Islami Bank PLC** for the year ended on 31<sup>st</sup> December 2023. This code relates to the Notification No. BSEC/CMRRCD/2006/ 158/207/Admin/80, Dhaka, 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 condition of the Corporate Governance Code.

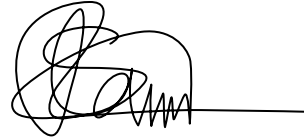
This is scrutiny and verification and an independent audit on compliance of the condition of the corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far those standards are not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

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

- (a) The Company has complied with the condition of the Corporate Governance Code as stipulated in the above-mentioned Corporate Governance Code issued by the Commission except the compliance with the conditions of Nomination and Remuneration Committee (NRC) as the Bangladesh Bank, the banking license granting authority to the company has not allowed them to form NRC and condition no. 2(b).
- (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 Bank as required under the Companies Acts, 1994, the securities laws and other relevant laws; and
- (d) Except clause (a) the governance of the company is satisfactory

**For Saifur Enayet & Associates**

Place: Dhaka  
Date: 25 April, 2024



**Md. Saifur Rahman FCMA**  
Principal & CEO  
Cost & Management Accountants  
FRC Enrollment No. CMAF-001-006

# COMPLIANCE STATUS OF BSEC GUIDELINES FOR CORPORATE GOVERNANCE

## Annexure – C As per condition No. 1(5) (xxvii)

### Status of Compliance with the Corporate Governance Code (CGC) of Al Arafah Islami Bank PLC For the year ended 31st December 2023 [As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 and subsequent amendments issued under section 2CC of the Securities and Exchange Ordinance, 1969 (Report under Condition No. 9.00)

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>1.00</b>	<b>Board of Directors (BoD)</b>			
1.(1)	Size of the Board of Directors: 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).	√		Board Size 20 including 3 Independent Director.
1.(2)	Independent Director:			
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);	√		The company has 3 Independent Directors.
1.2 (b) (i)	Without contravention of any provision of any other laws, for the purpose of this clause, an "Independent Director" means a director-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;	√	-	
1.2(b) (ii)	ID 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: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	√	-	
1.2 (b)(iii)	ID has not been an executive of the company in immediately preceding two financial years;	√	-	
1.2 (b)(iv)	ID does not have any relationship whether pecuniary or otherwise relationship with the company or its subsidiary/associated companies;	√		
1.2 (b)(v)	ID is not a member or TREC holder, director or officer of any stock exchange;	√		
1.2 (b)(vi)	ID 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;	√		
1.2 (b)(vii)	ID 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;	√		
1.2 (b)(viii)	ID is not independent director in more than 5 (five) listed companies;	√		
1.2 (b)(ix)	ID has not been reported as a defaulter in the latest Credit Information Bureau (CIB) report of Bangladesh Bank for nonpayment of any loan or advance or obligation to a bank or a financial institution; and"	√		
1.2 (b)(x)	ID has not been convicted for a criminal offence involving moral turpitude;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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;"	√		All ID have been appointed by the Board and will be approved by the shareholders in the next AGM
1.2 (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	√		No such incidence occurred.
1.2 (e)	The tenure of office of an ID shall be for three (3) years, which may be extended for one(1) tenure only;	√		
1.3	Qualification of Independent Director(ID):			
1.3(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, corporate laws, regulatory requirements and can make meaningful contribution to the business;	√		
1.3(b)	Independent director shall have the following qualifications:			
1.3(b)(i)	Business Leader who is/was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100 million or any listed company or a member of any national or international chamber of commerce or business association;	√		
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	√		
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"	√		No such category independent directors appointed.
1(3)(b)(iv)	ID is/was University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	-	-	N/A
1(3)(b)(v)	ID is/was a professional or an advocate practicing in the HCD of Bangladesh Supreme Court or a CA, CMA, CFA, CCA, CPA and CS or equivalent qualification;	-	-	N/A
1 (3) (c)	The ID shall have at least Ten (10) years of experiences in any field mentioned in clause (b);	√		
1 (3) (d)	Special cases for relaxing qualifications or experiences with prior approval of the Commission;	-	-	No such event occurred.
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or CEO:			
1(4)(a)	The Position of the Chairman of the Board and the Managing Director (MD) and/or the Chief Executive Officer (CEO) of the Company shall be filled by different Individuals;	√		Chairperson of the Board and CEO of the company filled by different individuals.
1(4)(b)	MD and/or CEO of a listed Company shall not hold the same position in another listed Company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or CEO;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(4)(e)	In absence of Chairman, the remaining members may elect one from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence shall be duly recorded in the minutes.	√	-	
1(5)	Directors' Report to Shareholders:			
1(5)(i)	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994): 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 factors, threat to sustainability and negative impact on environment, if any;	√	-	
1(5)(iv)	A discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin, where applicable;	√	-	
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	√	-	
1(5)(vi)	A detailed discussion and statement on related party transactions;	√	-	
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	-	-	N/A
1(5)(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing, etc.;	-	-	N/A
1(5)(ix)	Explanation by the Management if significant variance occurs between Quarterly Financial Performance and Annual Financial Statements;	-	-	N/A
1(5)(x)	Disclosure for remuneration paid to Directors including Independent Directors	√	-	
1(5)(xi)	A statement that financial statements prepared by the management of the issuer 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)	Followed IAS or IFRS as applicable in preparation of the financial statement and departure therefrom has been adequately disclosed.	√	-	
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√	-	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√	-	
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 thereof should be explained;	√	-	
1(5)(xix)	Key operating and financial data of at least preceding 5 (Five) years shall be summarized;	√	-	Separately Disclosed
1(5)(xx)	Reason for non-declaration of dividend (cash or stock) for the year.	-	-	N/A
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;	-	-	N/A
1(5)(xxii)	The number of Board meetings held during the year and attendance by each Director;	√	-	Total 12 nos. of Meeting held during the financial year.
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate (name wise details);			

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(5)(xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√	-	
1(5)(xxiii)(b)	Directors, CEO, Company Secretary, CFO, HIAC and their spouses and minor children (name wise details).	√	-	
1(5)(xxiii)(c)	Executives (top 5 (five)) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance	√	-	
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	√	-	
1(5)(xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1(5)(xxiv)(a)	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;	√	-	
1(5)(xxv)	Management discussion and analysis signed by CEO/MD presenting detail analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	√	-	
1(5)(xxv)(b)	Presenting detailed Changes in accounting policies and estimation as well as cash flows on absolute figure for such changes;	√	-	
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance and position as well as cash flows for current financial year with immediately preceding five years explaining reasons thereof;	√	-	
1(5)(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√	-	
1(5)(xxv)(e)	Briefly explain the financial and economic scenario of the country and globe;	√	-	
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√	-	
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, 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;	√	-	
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 as per Annexure-C.	√	-	
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.	√	-	
1(6)	Meeting of the Board of Directors: Conducting Board meetings and recording the minutes of the meetings and keeping required books and records in line BSS as adopted by the ICSB;	√	-	
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:			

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC);			As per the Bangladesh Bank Circular BRPD(R-1) 717/2021-5064 dated 16 June 2021 no such committee is possible to form without the instructions from Bangladesh Bank. As per the circular formation of such committee clearly contradicts with the rules of Bank Company Act 1991 and instructions of Bangladesh Bank. So no NRC is formed by the Board.
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior;			
2	Governance of Board of Directors of Subsidiary Company:			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary Company;	√	-	
2(b)	At least 1 (One) Independent Director of holding company shall be a director on the Board of subsidiary company;		√	Though AIBL Capital Management Ltd. has complied this clause but no ID of holding company is available as director on the Board of subsidiary i) AIBL Assets Management Ltd. and ii) AIBL Capital Market Services Ltd
2(c)	Minutes of subsidiary to be placed in the meeting of holding company;	√	-	
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√	-	
2(e)	The Audit Committee of the holding company shall also review the financial statements in particular the investments made by the subsidiary company.	√	-	
3.0	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);	√		
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;	√		
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;"	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3(1)(e)	MD or CEO, CS, CFO, and HIAC shall not be removed from their position without approval of the Board and be disseminated to the commission and stock exchange(s).	√		
3 (2)	Requirement to attend Board of Directors' Meetings: MD or CEO, CS, CFO and HIAC shall attend the meetings of the Board;	√		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and CFO:			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
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;	√		
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	√		
3(3)( c)	The certification of the MD/CEO and CFO shall be disclosed in the Annual Report.	√		
4.	Board of Directors' Committee:			
4 (i)	Audit Committee	√		
4 (ii)	Nomination and Remuneration Committee	-		N/A
5.	Audit Committee:			
5(1)	Responsibility to the Board of Directors			
5(1) (a)	Company shall have an Audit Committee as a sub-committee of the Board.	√		
5(1) (b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company and in ensuring a good monitoring system within the business;	√		
5(1) (c)	Audit Committee shall be responsible to the Board. The duties of Audit Committee shall be clearly set forth in writing.	√		
5.2	Constitution of the Audit committee:			
5(2) (a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5(2) (b)	Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least one independent director (ID);	√		
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 years of such experience;	√		
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;		-	No such event occurred.
5(2) (e)	The Company Secretary shall act as the Secretary of the Audit Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director;	√		
5.3	Chairperson of the Audit Committee:			

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	Election of Chairman of the particular meeting in absence of regular Chairperson of Audit Committee recording the reasons of such absence in the minutes.	√	-	
5(3)(c)	Chairperson of the Audit Committee shall remain present in the AGM.	√		
5.4	Meeting of the Audit Committee:			
5(4)(a)	The Audit Committee shall conduct at least 4 meetings in a financial year.	√		
5(4)(b)	Quorum of Audit Committee, presence of 2 or 2/3 members whichever is higher, where the presence of an ID is a must.	√		
5.5	Role of Audit Committee:			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	Monitor choice of accounting policies and principles;	√		
5(5)(c)	Internal Audit and Compliance process to ensure that it is adequately resourced;	√		
5(5)(d)	Oversee hiring and performance of external auditors;	√		
5(5)(e)	Hold meeting with the auditors, review the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	√		
5(5)(g)	Review along with the management, the quarterly and half-yearly financial statements before submission to the board for approval;	√		
5(5)(h)	Review adequacy of internal audit function;	√		
5(5)(i)	Review the management's discussion and analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review management letters or letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	Oversee 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;	√		
5(5)(m)	Oversee whether the proceeds raised IPO or RPO or Rights Share Offer have been utilized per the purposes stated in relevant offer document or prospectus approved by the Commission;  Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results:  Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	√	-	
5.6	Reporting of the Audit Committee: audit committee report signed by Chairman of the committee			
5.6 (a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	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 event occurred.



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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		-	No such event occurred.
5(6)(a)(ii)(c)	Suspected infringement of laws, regulatory compliance including securities-related laws, relies on and regulation;		-	No such event occurred.
5(6)(a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;		-	No such event occurred.
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		-	No such event occurred.
5.7	Reporting to the Shareholders and General Investors: Report on the activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 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.	√		
6	Nomination and Remuneration Committee (NRC):	As per the Bangladesh Bank Circular BRPD(R-1) 717/2021-5064 dated 16 June 2021 no such committee is possible to form without the instructions from Bangladesh Bank. As per the circular formation of such committee clearly contradicts with the rules of Bank Company Act 1991 and instructions of Bangladesh Bank. So no NRC is formed by the Board.		
6.1	Responsibility to the Board of Directors			N/A
6(1)(a)	The company shall have a NRC as a sub-committee of the Board.	-	-	
6(1)(b)	The NRC shall assist the Board in the 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;	-	-	
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);	-	-	
6.2	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director (ID);		-	N/A
6(2)(b)	At least 02 (two) members of the Committee shall be non-executive directors;		-	N/A
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;		-	N/A
6(2)(d)	Board shall have authority to remove and appoint any member of the committee;		-	N/A
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;		-	N/A

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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 an advisor who shall be a 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;		-	N/A
6(2)(g)	The company secretary shall act as the secretary of the committee;		-	N/A
6(2)(h)	The quorum of the NRC meeting shall not constitute without the attendance of at least an independent director;		-	N/A
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;		-	N/A
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;		-	N/A
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;		-	N/A
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.		-	N/A
6.4	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year.		-	N/A
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC.		-	N/A
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 the presence of an independent director is must as required under condition No. 6(2)(h).		-	N/A
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.		-	N/A
6.5	Role of NRC			
6(5)(a)	NRC shall be independent and responsible/accountable to the Board and to the shareholders;		-	N/A
6(5)(b)(i)(a)	NRC shall oversee, formulate & recommend to the Board regarding the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;		-	N/A
6(5)(b)(i)(b)	Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;		-	N/A
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;		-	N/A
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;		-	N/A
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;		-	N/A
6(5)(b)(iv)	Formulating criteria for evaluation of performance of independent directors and the Board;		-	N/A

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;		-	N/A
6(5)(b)(vi)	Developing recommending and reviewing annually the company's human resources and training policies.		-	N/A
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC at a glance in its annual report.		-	N/A
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.	√	-	
7(1)(ii)	Financial information systems design and implementation.	√	-	
7(1)(iii)	Book-keeping or other services related to the accounting records or financial statements.	√	-	
7(1)(iv)	Broker-dealer services.	√	-	
7(1)(v)	Actuarial services.	√	-	
7(1)(vi)	Internal audit services or special services;	√	-	
7(1)(vii)	Any other service that the Audit Committee determines;	√	-	
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under condition No. 9(1);	√	-	
7(1)(ix)	Any other service that may create conflict of interest.	√	-	
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; his or her family shall not hold any shares in the said company.	√	-	
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;	√	-	
8	Maintaining a website by the company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√	-	
8(2)	The company shall keep the website functional from the date of listing.	√	-	
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√	-	
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/ Cost and Management Accountant / Chartered Secretary) other than its statutory auditor or audit firm on yearly basis regarding the compliance of conditions of the Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√	-	
9(2)	The professional who will provide the certificate on compliance of Corporate Governance shall be appointed by the Shareholders in the AGM.	√	-	
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the Company has complied with these conditions or not.	√	-	

## COMPLIANCE REPORT ON BSEC'S NOTIFICATION

### 1. Compliance of section 1.5 (xxii)

#### a) Board of Directors meeting held during the year 2023 and attendance by each Director:

SI	Composition of Board		No. of Meeting Held	Entitlement to attend	Attended
	Name of Directors	Position			
1	Alhajj Abdus Samad	Chairman	12	12	12
2	Alhajj Abu Naser Md. Yeahea	Vice-Chairman	12	12	12
3	Alhajj Salim Rahman	Director	12	12	12
4	Alhajj Mohammad Abdus Salam	Director	12	12	12
5	Jb. Mahmbub Ahmed (Nominee Director of KDS Garments Industries Ltd)	Nominee Director	12	07	06
6	Jb. Md. Abdul Hamid Miah	Independent Director	12	12	12
7	Hafez Alhajj Md. Enayet Ullah	Director	12	12	10
8	Alhajj Ahamedul Hoque	Director	12	11	11
9	Alhajj Niaz Ahmed	Director	12	12	12
10	Alhajj Mohammed Eamadur Rahman	Director	12	12	09
11	Alhajj Liakat Ali Chowdhury	Director	12	12	12
12	Alhajj Md. Anowar Hossain	Director	12	12	12
13	Jb. Nasir Uddin	Director	12	12	12
14	Jb. Md. Rafiqul Islam	Director	12	12	12
15	Jb. Anwar Hossain	Director	12	12	12
16	Jb. Md. Kamrul Hashan Siddiqui (Nominee Director of KDS Textile Mills Ltd)	Nominee Director	12	05	05
17	Quazi Osman Ali (Nominee Director of Aspire Enterprises Ltd)	Nominee Director	12	03	02
18	A.A.M Zakaria (Nominee Director of Legacy Trade Impex Ltd.)	Nominee Director	12	03	03
19	Jb. M. Kamal Uddin Chowdhury	Independent Director	12	12	09
20	Jb. Mahbulul Alam	Independent Director	12	12	11
21	Alhajj Nazmul Ahsan Khaled	Ex-Director	12	7	6
22	Alhajj Abdul Malek Mollah	Ex-Director	12	7	7
23	Alhajj Kandaker Mesbah Uddin Ahmmed	Ex-Director	12	7	7
24	Jb. Badiur Rahman	Ex-Director	12	4	4

#### b) Board of Executive Committee meeting held during the year 2023 and attendance by each Director:

SI	Composition of Board		No. of Meeting Held	Entitlement to attend	Attended
	Name of Directors	Position			
1.	Alhajj Salim Rahman	Chairman	13	06	06
2.	Alhajj Mohammad Abdus Salam	Co-Chairman	13	13	13
3.	Alhajj Md. Enayet Ullah	Member	13	13	12
4.	Alhajj Ahamedul Hoque	Member	13	12	11
5.	Alhajj Liakat Ali Chowdhury	Member	13	13	12
6.	Alhajj Md. Anowar Hossain	Member	13	13	13
7.	Alhajj Nasir Uddin	Ex-Chairman, EC	13	06	06
8.	Alhajj Abdus Samad	Ex-Member	13	07	07
9.	Alhajj Khandaker Mesbah Uddin Ahmed	Member	13	07	07

c) Board of Audit Committee meeting held during the year 2023 and attendance by each Director:

SI	Composition of Board	Position	No. of Meeting Held	Entitlement to attend	Attended
	Name of Directors				
1	Jb. Md. Abdul Hamid Miah	Chairman	9	4	4
2	Jb. Mohammed Eamadur Rahman	Member	9	9	5
3	Jb. Anwar Hossain	Member	9	4	4
4	Jb. AAM Zakaria	Member	9	3	3
5	Jb. Mahbubul Alam	Member	9	9	9
6	Jb. Nasir Uddin (Nominated by China Builders & Machineries Ltd.)	Ex-Member	9	5	5
7	Jb. M. Kamaluddin Chowdhury	Ex-Member	9	5	3
8	Jb. Nazmul Ahsan Khaled	Ex-Member	9	5	3

d) Board of Risk Management Committee meeting held during the year 2023 and attendance by each Directors:

SI	Composition of Board Name of Directors	Position	No. of Meeting Held	Entitlement to attend	Attended
	Jb. Mahbub Ahmed	Chairman	4	2	1
	Jb. Niaz Ahmed	Member	4	2	2
	Jb. Md. Rafiqul Islam	Member	4	4	4
	Jb. Quazi Osman Ali	Member	4	2	2
	Jb. M. Kamal Uddin Chowdhury	Member	4	2	2
	Jb. Liakat Ali Chowdhury	Ex-Chairman	4	1	1
	Jb. Anwar Hossain	Ec-Member	4	2	2
	Jb. Md. Abdul Hamid Miah	Ex-Member	4	2	2
	Jb. Abdul Malek Mollah	Ex-Member	4	2	2
	Jb. Badiur Rahman	Ex-Chairman	4	1	1

2. Compliance of section 1.5 (xxiii)

The Pattern of Shareholding

a) Parent/Subsidiary/Associated Companies and Other Related Parties:

SI No	Name of the Directors	Relation	Shares Held
1	AIBL CAPITAL MANAGEMENT LTD	Related Party	98%
2	AIBL CAPITAL MARKET SERVICES LTD	Related Party	60.50%

**b) Directors, Chief Executive Officer/Managing Director, Company Secretary, CFO, Head of Internal Control and Compliance wings and their spouse and minor Children (as on 31st December, 2023)**

Sl. No	Name of the Directors	Status	No. of Shares	Remarks
01	Jb. Abdus Samad	Chairman	24,684,068	
	Mrs. Shahana Ferdous	Spouse	792,626	
02	Jb. Abu Naser Mohammad Yeahea	Vice-Chairman	27,089,821	
03	Jb. Salim Rahman	Director	21,937,951	
	Tahsina Rahman	Spouse	12,014,837	
04	Jb. Abdus Salam	Director	27,463,937	
05	Jb. Md. Abdul Hamid Miah	Independent Director	-	
06	Mahbub Ahmed, Nominee KDS Garments Industries Ltd.	Nominee Director	33,806,292	
07	Hafez Md. Enayetullah	Sponsor Director	21,942,990	
08	Jb. Ahamedul Haque	Director	21,937,401	
09	Jb. Niaz Ahmed	Director	22,050,158	
	Mrs. Shabana Niaz	Spouse	7,990,628	
10	Jb. Mohammed Eamadur Rahman	Director	21,964,043	
11	Jb. Md. Liakat Ali Chowdhury	Director	21,943,995	
12	Jb. Md. Anowar Hossain	Sponsor Director	24,286,093	
	Shahida Anowar	Spouse	672,632	
13	Nasir Uddin, Nominee Director China Builders & Machineries Ltd.	Nominee Director	22,018,224	
14	Jb. Md. Rafiqul Islam	Director	21,990,880	
15	Jb. Anwar Hossain	Director	21,939,000	
16	Quazi Osman Ali, Nominee Aspire Enterprises Ltd.	Nominee Director	21,940,000	
17	Md. Kamrul Hashan Siddiqui, Nominee KDS Textile Mills Ltd.	Nominee Director	23,031,300	
18	A.A.M Zakaria, Nominee Legacy Trade Impex Ltd.	Nominee Director	21,940,000	
19	Jb. M. Kamaluddin Chowdhury	Independent Director	-	
20	Jb. Mahbulul Alam	Independent Director	-	
21	Jb. Farman R. Chowdhury	Chief Executive Officer	Nil	
22	Jb. Mohammed Nizam Uddin Bhuiyan	Company Secretary	Nil	
23	Jb. Mohammed Nadim FCA	Chief Financial Officer	Nil	
24	Jb. Kamal Hossain FCA	Head of Internal Control & Compliance Wing	Nil	

**c) Statement of Shares held by top 5(Five) salaries employees other than the Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Control and Compliance Wings (as on 31st December, 2023)**

Sl No	Name	Designation	No. of Shares	Remarks
1	Jb. Shabbir Ahmed	Deputy Managing Director	Nil	
2	Md. Shafiqur Rahman	Deputy Managing Director	Nil	
3	Syed Masodul Bari	Deputy Managing Director	Nil	
4	Md. Mahmudur Rahman	Deputy Managing Director	Nil	
5	Md. Abdullah Al-Mamun	Deputy Managing Director	Nil	

**d) Shareholding ten percent (10%) or more voting interest in the Company: None**