

THE CODE OF CONDUCT FOR THE BOARD OF DIRECTORS

1.0 OVERVIEW

PREFACE

This Code (hereinafter referred to as “the Code”) is intended to provide guidance to the Board of Directors including Chairman, Managing Director, Independent Directors and other directors to manage the affairs of the Company in an ethical manner. The purpose of this code is to recognize and emphasize upon ethical behavior and to develop a culture of honesty and accountability. In addition, this Code of Conduct attempts to set forth the guiding principles on which the Chairman, Managing Director and other Board members shall operate and conduct themselves with the stakeholders, government and regulatory agencies, employees, customers, suppliers and anyone else with whom it is connected.

REFERRAL

This Code of Conduct for the Board of Directors is framed and adopted by Rupali Life Insurance Company Ltd in compliance with Condition 1(7)(a) of the Corporate Governance Code of the Bangladesh Securities and Exchange Commission (BSEC) with the dos and don'ts prescribed for the directors in the Companies Act-1994 and other laws of the land. Along with the above, this Code is also prepared in the light of worlds' best practices as the Company is committed to being an ethical and responsible member of the business communities in which it operates.

APPLICABILITY

This Code shall be applicable and binding on the Chairman, Managing Director and other Board members of the Company. The Chairman, Managing Director and other Board members shall continue to comply with other applicable / to be applicable policies, rules and procedures of the Company. This Code is intended to serve as a source of guiding principles for the Board of Directors even though no code or policy can anticipate every situation that may arise. Besides, the standards contained in this Code are neither exclusive nor comprehensive. The Board of Directors is required to comply with all applicable laws, rules and regulations, whether or not specifically addressed in this Code.

2.00 DEFINITIONS & INTERPRETATION

Unless repugnant to the meaning or context thereof, the following expressions, wherever used in this Code, shall have the meaning assigned to them below:

“Chairman” shall mean the Chairman of the Board of Directors of the Company.

“Board” shall mean the Board of Directors of the Company.

“Directors” shall mean directors on the Board.

“The Company” shall mean Rupali Life Insurance Company Ltd

3.00 PRINCIPLE OF THE CODE

3.01 CHAIRMAN

The Chairman will play a pivotal role in the company and create the conditions for overall board and individual directors' effectiveness. The Chair's primary role is to ensure that the board is effective in its task of setting and implementing the company's direction and strategy. The Chair is appointed by the board.

THE CHAIRMAN IS RESPONSIBLE FOR -

• Meetings -

The Chairman of the Board shall act as the ambassador for the Company. He/she shall chair board and general meetings, run the board and ensure its effectiveness in all aspects of its role, including regularity and frequency of meetings, set the board agenda, take into account the issues and concerns of all board members. The agenda should be forward looking, concentrating on strategic matters.

The Chairman of the Board shall ensure that there is appropriate delegation of authority from the board to executive management and ensuring that the directors receive accurate, timely and clear information, including that on the company's current performance, to enable the board to take sound decisions, monitor effectively and provide advice to promote the success of the company. He/she shall manage the board to allow enough time for discussion of complex or contentious issues. The Chairman should ensure that directors have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making.

• Directors -

The Chairman of the Board shall facilitate the effective contribution of the directors and encourage active engagement by all members of the board. He/she shall ensure constructive relations among the directors. He/she shall set the agenda, style and tone of board discussions to promote effective decision making and constructive debate. He/she also shall ensure that they are fully informed about all issues on which the board will have to make a decision, through briefings with the Managing Director/Chief Executive, the company secretary, and members of the executive management as appropriate, ensure clear structure for, and the effective running of, board committees and ensure effective implementation of board decisions.

The Chairman of the Board shall promote effective relationships and open communication among the directors both inside and outside the boardroom ensuring an appropriate balance of skills and personalities. He/she shall build an effective and complementary board, and with the Audit Committee, Nomination & Remuneration Committee, initiate change and plan succession in board appointments (except that of a successor as Chairman) subject to board and shareholder approval.

• Induction, development and performance evaluation

The Chairman of the Board shall ensure that new directors participate in a full, formal and tailored induction programmed, facilitated by the company secretary. He/she shall ensure that the development needs of directors are identified and, with the company secretary having a key role, that these needs are met. The directors should be able to continually update their skills and the knowledge and familiarity with the company required to fulfill their role on the board and its committees.

The Chairman of the Board also shall identify the development needs of the board as a whole to enhance its overall effectiveness as a team. He/she is responsible for ensuring the performance of the board, its committees and individual directors is evaluated at least once a year and acting on the results of such evaluation by recognizing the strengths and addressing the weaknesses of the board. Where appropriate, through the Nomination & Remuneration Committee, proposing that new members be appointed to the board or seeking the resignation of others.

• Relations with shareholders

The Chairman of the Board shall ensure effective communication with shareholders, maintaining sufficient contact with major shareholders to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them. He/she shall ensure that the views of shareholders are communicated to the board as a whole so that all directors develop an understanding of their views.

• AGM

The Chairman of the Board shall chair all general meetings and conduct the meetings according to its business. The Chairman of the Board shall arrange for the Chairmen of board committees to be available to answer questions at the AGM and for all directors to attend.

IN ADDITION, THE CHAIRMAN SHOULD –

• COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The Chairman strives to ensure that all activity by or on behalf of the Company is in compliance with applicable laws, rules and regulations of Bangladesh (“applicable laws”).

• FAIR AND HONEST DEALING

The Chairman of the Board shall manage and provide leadership fairly and honestly to the Board of Directors of the Company. The Chairman shall behave in an ethical manner. The Chairman is expected to uphold a culture emphasizing honesty, integrity, fairness, trust, competence, professionalism, discipline, teamwork, as well as truthfulness and high moral standards both within and outside the Company.

• CONFLICTS OF INTEREST

The Chairman shall make sure the Board adheres to the highest standards of honesty and ethical conduct. These include, but are not limited to, sensitivity to the existence of a conflict of interest or the appearance or possibility of a conflict of interest. The Chairman must always be sensitive to those situations in which they are most likely to be present. The Chairman shall act in the best interest of the Company at all times.

• COMPLIANCE WITH LAWS ON INSIDER TRADING

The Chairman shall show 'Zero Tolerance' to Insider Trading and ensure the compliance of the company with applicable insider trading laws.

• OUTSIDE ACTIVITIES AND COMPENSATION

Following his or her appointment to the Board, and except as expressly approved in advance by the Board, the Chairman shall not take up any management or other employment position with, or have any material interest in, any firm or company which has direct or indirect competition with the Company or otherwise. In this regard, the Chairman must adhere to the policies of the Company, rules and regulations of BSEC and applicable laws of Bangladesh.

• ANTI-DISCRIMINATION

A core responsibility of the Chairman shall to provide board environment and an office work environment free from discrimination. In this regard, the Chairman must make sure that the Board and the management of the Company adhere to the policies of the Company, and applicable laws of the country.

• ENVIRONMENT AND HEALTH & SAFETY

As the Chairman is committed to complying with and encouraging compliance with all applicable environmental and Health & Safety laws, standards and requirements, he/she shall encourage the management along with employees to take care of Health and Safety measures, to follow all relevant rules, regulations and work instructions and to use appropriate personal protective equipment as required by applicable law.

• CONFIDENTIAL INFORMATION

The Chairman must protect confidential information including all non-public information from unauthorized disclosure. He/she shall take all reasonable efforts to safeguard such confidential information against inadvertent disclosure and shall comply with any non-disclosure obligations imposed on the Company in its agreements with third parties.

• PROTECTION AND PROPER USE OF COMPANY ASSETS

The Chairman shall strive to preserve and protect the Company's assets and resources and to promote their efficient use and not to convert assets of the Company for anyone's personal use. Company property should be used for the Company's legitimate business purposes and the business of the Company shall be conducted in a manner designed to Company's interests rather than the personal interests of an individual.

• INTEGRITY AND ACCURACY OF FINANCIAL RECORDS

The preparation and maintenance of accurate books, records and accounts are required by law and essential to the proper discharge of financial, legal and reporting obligations. The Chairman shall ensure that all financial data must be completely and accurately recorded in compliance with applicable laws and the Company's accounting policies and procedures.

• CORPORATE GOVERNANCE OF THE COMPANY

The Chairman and the Board shall, with the assistance of the company secretary, promote the highest standards of corporate governance, seeking compliance with the Corporate Governance Code-2018. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the board and explained to shareholders.

• PROVIDE COHERENT LEADERSHIP

The Chairman shall provide coherent leadership of the company, including, in conjunction with the Managing Director, representing the company to customers, suppliers, government authorities, shareholders, financial institutions, the media, the community and the public at large.

• BALANCE AMONG ALL STAKEHOLDERS

The Chairman provides advice, counsel and mentorship to fellow members of the Board. He/she ensures an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).

• SUSTAINABILITY OF THE BUSINESS

The Chairman shall ensure the long-term sustainability of the business and ensure the continual improvement in quality and caliber of the executives

3.02 MANAGING DIRECTOR

The Managing Director is accountable and reports to the board and is responsible for running the company's business. MD's duty of loyalty refers to the responsibility to act in good faith and in the Company's best interests. The duty of loyalty may be relevant in cases of conflict of interest (stated below), and corporate opportunities (stated below). The MD shall not assign his office and any assignment so made shall be void. The MD is responsible for the following, within the authority limits delegated to him/her by the board and applicable laws and regulations:

THE MANAGING DIRECTOR'S KEY ROLE & RESPONSIBILITIES

The Managing Director shall be responsible for proposing and developing the Company's strategy and overall commercial objectives.

• BUSINESS STRATEGY AND MANAGEMENT

The Managing Director shall-

- work as the Chief Executive Officer of the company to achieve the vision, mission and goal of the company set by the Board of Directors.
- develop Company's objectives and strategy having regard to the Company's responsibilities to its shareholders, customers, employees and other stakeholders.
- work for the objectives and execute of strategy following presentation to, and approval by, the board.
- recommend to the board an annual budget and [5 year] financial plan and ensure their achievement following board approval.
- optimize as far as is reasonably possible the use and adequacy of the Company's resources.
- ensure that the development needs of the executive directors and other senior management reporting to him are identified and met.
- ensure that performance reviews are carried out at least once a year for each of the executive directors.
- provide input to the wider board evaluation process.
- make reasonable inquiries. He should make reasonable inquiries about potential problems that come to his attention and follow up until they are reasonably satisfied that management is addressing them appropriately.

• INVESTMENT AND FINANCING

The Managing Director shall-

- Examine all trade investments and major capital expenditure proposed by the respective departments or by a subsidiary company, if any, and the recommendation to the board of those which, in a Company context, are material either by nature or cost.
- Identify and execute acquisitions and disposals, approving major proposals or bids.
- Lead geographic diversification initiatives.
- Identify and execute new business opportunities outside the current core activities.

• RISK MANAGEMENT AND CONTROL

The policies, strategies, procedures etc. in respect of appraisal of loan/investment proposal, sanction, disbursement, recovery, reschedule and write-off thereof shall be made with the Board's approval under the purview of the existing laws, rules and regulations. The Board shall specifically distribute the power of sanction of loan/investment and such distribution should desirably be made among the MD and his subordinate executives as much as possible. Besides, The Managing Director shall -

- Manage the Company's risk profile, including the health and safety performance of the business, in line with the extent and categories of risk identified as acceptable by the board.
- Ensure appropriate internal controls are in place.

• PROPER USE OF COMPANY ASSETS

The Managing Director shall ensure that the assets and resources of the Company are properly, judiciously and efficiently used for its business purposes and are properly safeguarded. Besides, he shall strive to preserve and protect the Company's assets and resources and to promote their efficient use. Company property should be used for the Company's legitimate business purposes and the business of the Company shall be conducted in a manner designed to Company's interests. Any unauthorized use of the Company's assets should not be allowed and appropriate steps should be taken for the same.

• REPORTS

The Managing Director shall report to the Chairman (acting on behalf of the board) and to the board directly.

• MEETINGS

In meeting the duty of care, The MD as The Chief Executive Officer of the Company is expected to:

§ Attend and participate in board and committee meetings and provide board relevant data and he shall help the Chairperson lead to the Board.

§ Provide input to the board's agenda from himself and other members of the executive team

§ Ensure that he maintains a dialogue with the Chairman on the important and strategic issues facing the Group, and proposing board agendas to the Chairman which reflect these.

§ Ensure that the Chairman is alerted to forthcoming complex, contentious or sensitive issues affecting the Group of which he might not otherwise be aware.

§ Provide input to the Chairman and company secretary on appropriate changes to the schedule of Matters Reserved to the board and Committee Terms of Reference.

§ Providing information on succession planning, to the Chairman, the Nomination Committee, and members of the board. If so, appointed by the board, serving on the Nomination Committee.

§ Picture the Company business before the board after remain properly informed about the Company's business and affair. Absent knowledge that makes reliance unwarranted, he may rely on Executive Committees, management, employees and professional advisors.

§ Review and devote appropriate time providing information to prepare board materials.

§ Get appropriate advice from the Board to run the Company.

• BOARD COMMITTEES

The Managing Director shall be responsible with the executive team, for implementing the decisions of the board and its Committees. In this regard he shall-

- Make recommendations on remuneration policy, executive remuneration and terms of employment of the senior executive team, including the company secretary to the Nomination & Remuneration Committee (NRC).
- Make recommendations to the NRC on the role and capabilities required in respect of the appointment of executive directors.
- Provide information sought by the Audit Committee

• COMMUNICATION

The Managing Director is responsible for all executive management matters affecting the Company. All members of Executive Management report, either directly or indirectly, to him/her. The Managing Director shall-

- Provide a means for timely and accurate disclosure of information, including an escalation route for issues.
- Ensure effective communication with shareholders and lead the communication programme with shareholders
- Ensure that the executive team gives appropriate priority to providing reports to the board which contain accurate, timely and clear information.
- Ensure, in consultation with the Chairman and the company secretary as appropriate, that he and the executive team comply with the board's approved procedures, including the schedule of Matters Reserved to the board for its decision and each Committee's Terms of Reference.

• SET POLICY

Setting all the policies of the company including HR policies, management development and succession planning for the senior executive team and approving the appointment and termination of employment of members of that team.

• INDEPENDENCY

The Managing Director shall remain independent in all material aspects and act impartial to the Directors, Executives, Employees, Customers, Suppliers, Shareholders and other Stakeholders.

• POSITIVE WORK ENVIRONMENT & DEALING

The Managing Director shall at all time in discharging their duties and responsibilities act honestly, ethically and in good faith and in the best interest of the Company. The Managing Director Officer shall-

- i) Uphold a culture emphasizing honesty, integrity, fairness, trust, competence, professionalism, discipline, teamwork, as well as truthfulness and high moral standards in day-to-day dealings and conduct, both within and outside the Company.
- ii) Treat employees with respect for individual dignity and rights, not to discriminate on grounds of race, ethnicity, caste, marital status or gender, sexual orientation, and maintain a work environment free of sexual harassment.
- iii) Provide an open, motivating work environment which is conducive to upholding and achieving the Company's vision, targets and goals.

• ANTI -DISCRIMINATION AND HARASSMENT

The MD also shall responsible for maintaining an office work environment of the Company that is free of unlawful discrimination and harassment. In this regard, he must adhere to the policies of the Company, and applicable laws of the country.

• OUTSIDE ACTIVITY AND COMPENSATION

The MD shall declare possible conflicting outside business activities at the time of appointment. Following his or her appointment to the Board, and except as expressly approved in advance by the Board, the MD shall not take up any management or other employment position with, or have any material interest in, any firm or company which has direct or indirect competition with the Company or otherwise. In this regard, the MD must adhere to the policies of the Company, relevant rules and regulations of BSEC and applicable laws of Bangladesh. Notwithstanding any outside activities, Board members are required to act in the best interest of the Company.

• FINANCIAL RECORDS

The preparation and maintenance of accurate books, records and accounts are required by law and essential to the proper discharge of financial, legal and reporting obligations. The MD shall ensure that all financial data must be completely and accurately recorded in compliance with applicable laws and the Company's accounting policies and procedures.

• ENVIRONMENT AND HEALTH & SAFETY

The Managing Director shall be committed to complying with and ensuring compliance with all applicable environmental and Health & Safety laws, standards and requirements. He/she shall ensure that employees observe the requisite Health & Safety measures, follow all relevant rules, regulations and work instructions and to use appropriate personal protective equipment as required by applicable law.

3.03 DIRECTORS

This part is common for all members of the Board of Directors including the Chairman, the Managing Director, Nominated Directors, Alternative Directors and Independent Directors. As shareholders appoint directors to run the company on their behalf, it is fiduciary duty of the directors to act in good faith, with the care of a prudent person, and in the best interest of the Company. Directors jointly and individually should –

• COMPLIANCE WITH LAWS AND REGULATIONS

A director must act within the powers as granted by the Company's Memorandum and Articles of Association. A director shall comply with laws, rules and regulations applicable to his/ her roles. Additionally, he shall adhere to internal rules and regulations as may be approved by the Board from time to time. They supposed to ensure that all activities by or on behalf of the Company are in compliance with the applicable laws of Bangladesh ("applicable laws"). When dealing with customers, suppliers, competitors or other third parties, Director shall neither undertake any commitment nor engage in any agreement which is prohibited as anti-competitive, discriminating or illegal. Beyond compliance with laws and regulations, he/she is expected to carry out his/her duties with integrity and professionalism when dealing with customers, suppliers, governmental bodies or partners.

• INDEPENDENT JUDGMENT

Directors must make their own decisions and exercise their own, independent judgment and should not simply implement commands from shareholders as if they are orders. This means that they should not rely on the knowledge of other members of the company or experts, they must come to their own judgment through forming their own view.

• PREPARE FINANCIAL STATEMENT

The Board of directors shall prepare financial statements and disclose the same for the shareholders.

• REPORT TO SHAREHOLDERS

Board of directors shall prepare "Directors' Report" for the shareholders and send the same to the shareholders before Annual General meeting and justify their report in the general body of the company.

• DUE DILIGENCE

Directors must be reasonably diligent and exercise the same care, skill and diligence that would be exercised by a person with the general knowledge, skill and experience that was carrying out the same functions as that director in relation to the company.

• CONFLICT OF INTEREST

A director must exercise his or her powers in the interests of the Company and its shareholders only. Since director's personal interest is, or may appear to be, adverse to the interests of the Company as a whole occurs a "conflict of interest", he/she shall not derive any improper personal benefit or a benefit to any of his relatives from the Company or any, including by making or influencing decision relating to any transaction of the Company or its subsidiary. This Code does not attempt to describe all possible conflicts of interest which could develop. Some of the more common conflicts from which Directors must refrain, however, are set out below:

§ Relationship of Company with third parties.

A director shall not engage in any conduct or activities that are inconsistent with the Company's best interests or that may disrupt or impair the Company's relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship.

§ Personal use of Company assets.

A director shall not use Company assets, labor or information for personal use unless approved by the Chairman of the Audit Committee or as part of a compensation or expense reimbursement program available to all Directors. He must act in the best interest of the Company at all times.

Any situation which gives rise, or might give rise to a conflict of interest shall be disclosed as soon as it arises.

• PROHIBITION TO TAKE OPPORTUNITIES

A director prohibited from - (a) taking for himself personal opportunities related to the Company's business; (b) using the Company's property, information, or position for personal gain; or (c) competing with the Company for business opportunities.

• COMPENSATION

Executive directors including Managing Director are entitled to enjoy remuneration. However, Non-Executive Directors including Independent Directors are eligible for a fixed amount of sitting fees for attending meetings of the Board of Directors and its committees as allowed under the Rules and Regulations of the Land. Non-executive Director shall not 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. However, they may enjoy any other benefits, compensation and remuneration subject to approval by the general body of the company.

• COMPLIANCE WITH LAWS ON INSIDER TRADING

Insider information is defined as knowledge of non-public information of the Company including data, projects, transactions or processes, the disclosure of which could affect the stock market price of securities, especially the Company's shares. As someone who potentially has access to insider information, likely to result in substantial movements of the price of the stock or any other financial instruments of the Company, a director shall comply with applicable insider trading laws.

• ENCOURAGE WHISTLEBLOWING AND BEYOND

Directors should promote ethical behavior and take steps to ensure the Company: (a) encourages employees to talk to supervisors, managers, and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules, regulations or the Company's Employee Handbook/Employee Code of Conduct to appropriate personnel; and (c) informs employees that the Company will not condone retaliation for reports made in good faith.

• CONFIDENTIALITY

Confidential information includes proprietary technical, business, financial, legal or any other information which the Company treats as confidential. Besides, it includes all non-public information that might be of use to competitors, or harmful to the Company if disclosed. All information (in any form, including electronic information) that is created or used in support of Company business activities is the property of the Company. This Company information is a valuable asset, and the Board shall protect it from unauthorized disclosure. He/she must maintain the confidentiality of information entrusted to him/her by the Company or its customers, vendors or consultants except when disclosure is properly authorized by the Company or legally mandated. They shall take all reasonable efforts to safeguard such confidential information that is in their possession against inadvertent disclosure and shall comply with any non-disclosure obligations imposed on the Company in its agreements with third parties. The board should maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a director, except when disclosure is authorized or legally mandated.

• SUSTAINABILITY OF THE BUSINESS

The Directors are appointed by the shareholders to run the Company and shall ensure the long-term sustainability of the business and ensure the continual improvement in quality and caliber of the executives.

• CORPORATE GOVERNANCE OF THE COMPANY

The Board shall help the company secretary promoting the highest standards of corporate governance, seeking compliance with the Corporate Governance Code. If full compliance is not possible, ensure that the reasons for non-compliance are fully investigated and explained to the Board.

4.00 COMPLIANCE WITH THE CODE

This Code has not specifically addressed every potential form of unacceptable conduct and it is expected that the Chairman of the Company shall exercise good judgment in compliance with the principles set out in this Code. All the persons for whom this Code is set have a duty to avoid any circumstances that would violate the letter or spirit of this Code.

WHERE TO SEEK CLARIFICATION

Normally, the Board Chairman or the Chairman of the Audit Committee shall be responsible to provide guidance on any item concerning standards of ethical behavior.

COMPLIANCE PROCEDURES

Any member of the Board may communicate any suspected violations of this Code promptly to the Chairman of the Board or the Chairman of the Audit Committee. Violations will be investigated by the Board (with the alleged Director abstaining accordingly) or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of the Code. However, any waivers of this Code may only be granted by the Board (with the alleged Director abstaining accordingly) or the Audit Committee after disclosure of all material facts by the Director seeking the waiver. Waivers should only be granted in exceptional circumstances.

5. AMENDMENT AND MODIFICATION

As this Code may only be amended and modified by the Board of the Directors of the Company, the provisions of this Code can be amended/ modified by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee (NRC), from time to time and all such amendments/ modifications shall take effect from the date stated therein. The Board members shall be duly informed of such amendments and modifications. To the extent required by law, amendments to the Code shall be disclosed publicly.

6. WAIVERS

Any waiver of the Code may be made only by the Board and shall be disclosed as required by law. The members of the Board of Directors are required to comply with all applicable laws, rules and regulations, whether or not specifically addressed in this Code as the Code will not waive him from complying with any laws and regulations of the land.

7. PUBLICATION OF THE CODE

To the extent required by law, the Company shall publicly (e.g., in its Annual Report and/or on its website) disclose this Code and its application. Besides, pursuant to Condition 01 (7) (b) of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC), this Code of Conduct and any amendments thereto shall be published /posted on the website of the Company.

8. CONCLUSION

Every member of the Board of Directors is obligated to read and accept the provisions of this Code. No code or policy, however, can anticipate or address every situation that may arise, or replace thoughtful and ethical behavior. If any member is unclear about what may be the right course of action in a particular situation, he/she should obtain appropriate advice before taking action. He/she is expected to abide by both the letter and spirit of this Code. Finally, any questions regarding the scope or proper interpretation of this Code, or advice concerning its application to a particular situation, should be referred to the Company Affairs Department of the Company subject to the Clarification given by the Chairman.

NOMINATION AND REMUNERATION POLICY

PART A

POLICY ON APPOINTMENT OF DIRECTORS

PREAMBLE:

For the Board of a Company to be effective and efficient, it should comprise of individuals who have professional qualifications and proven experience in their respective fields of specialization.

The Nomination and Remuneration committee evaluates the Directors and recommends the Board for their appointment /reappointment and ensures optimum composition of Board. While recommending appointment of an Individual as a Director on the Board, the committee has to review the following factors including the others:

- Diversity of the Board
- Qualification and positive attributes
- Independence of Directors (in the case of Independent Directors)

REGULATORY FRAMEWORK:

Clause 6 (5) (b) read with the applicable Clauses of Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission (BSEC) require the Nomination and Remuneration Committee of a company (“NRC”) to recommend to the Board of Directors a policy, relating to the appointment, removal and remuneration of the directors, top level executives and to devise a policy on Board diversity. The said governance code also requires NRC to lay down the evaluation criteria for performance evaluation of the Board, its Committees and individual directors. Further, the Board of Directors is responsible for monitoring and reviewing the Board Evaluation framework.

The Board of Directors is also required to satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management. This nomination policy is framed as per the requirements of the aforesaid governance code.

DIVERSITY OF BOARD:

Diversity in the Board enhances diversity of ideas. Having this ideology in mind, the Committee shall take into consideration various factors including the following to ensure Board Diversity:

- Optimum composition of Executive Directors and Non-Executive Directors on the Board;
- Professional experience and expertise in different areas of specialization;
- Diversity criteria including, but not limited to gender, age, ethnicity, race, religion, Culture and geographic background;
- Academic qualification, functional expertise, personal skills and qualities. The ultimate decision is based on merit and contribution that the selected candidates bring to the Board.

QUALIFICATION AND POSITIVE ATTRIBUTES

The committee may also assess whether they meet qualification criteria and the positive attributes set below:

§ Financially literate, which means he/she possesses the ability to read and understand basic financial statements i.e. balance sheet, Statement of Profit and Loss, and statement of cash flows.

§ Possess high levels of personal, professional integrity

§ Have appropriate knowledge / experience about the industry and the Company, or ability to acquire required knowledge and understanding.

§ Able to provide guidance to the Board in matters of business, finance, strategy and corporate governance

§ Able to analytically look into the issues placed before the Board and provide strategies to solve them

§ Possess better communication skills and ability to work harmoniously with fellow Directors and management;

§ Willingness to devote the required time, including being available to attend Board and Committee meetings;

INDEPENDENCE OF DIRECTORS (ONLY IN THE CASE OF INDEPENDENT DIRECTORS)

Any relationship between the Company and Directors other than in the normal course will affect the Independence of Directors in many ways. The Committee shall assure that the candidate proposed for the position of Independent Director meets the minimum criteria for Independence set out under Corporate Governance Code-2018 and other rules and Regulations of the land. It shall also assess if the candidate would be able to meet the standards mentioned in Corporate Governance Code-2018.

PART B

POLICY ON REMUNERATION TO BOARD OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

INTRODUCTION

With the view to ensure that the Company attracts, motivates and retains qualified industry professionals for the Board and Management in order to achieve its strategic goals this policy is designed to encourage behavior that is focused on long-term value creation, while adopting the highest standards of good corporate governance. The remuneration policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis and is in consonance with the existing industry practices.

This policy is now re-framed to ensure that the requirements of Corporate Governance Code-2018 along with other relevant laws, rules and regulation are met and it intends to define general guidelines for the Company's pay to the Board of Directors, Key managerial Personnel and Senior Management and other employees.

The principles and criteria for the said remuneration policy will be annually reviewed by the Nominations and Remuneration Committee and the Board of Directors within the framework of their powers to maintain the alignment of the Company's remuneration policy with the best practices and trends in the market.

REMUNERATION OF DIRECTORS

The Board of the Company comprises of two categories of Directors viz., Executive Directors and Non-Executive Directors. The Remuneration to Executive and Non-Executive Directors are governed by the provisions of Companies Act, 1994 and the rules framed there under and the Corporate Governance Code as well as notifications issued by Bangladesh Securities and Exchange Commission (BSEC). The compensation and remuneration given to Directors shall be disclosed in the Annual Report of the Company. Therefore, the directors' remuneration for exercising their supervision and decision-making functions is based on the following main principles:

- The remuneration must be sufficient and conform to the directors' dedication, qualification and responsibilities but it must not compromise their independent criteria.
- The remuneration must be sufficient to attract and retain directors with the talent and profile desired by the Company
- The remuneration must be competitive, which is achieved by establishing a remuneration package in line with market standards of comparable sectors and companies.

EXECUTIVE DIRECTOR

The Executive Director's compensation comprises of two broad components - Fixed Remuneration and a performance-linked variable component. The fixed remuneration is determined based on market standards and the Company's specific needs from time to time. The Board of Directors may evaluate the fixed remuneration annually based on the results from the previous period and with due consideration to the trend within the market standards.

Variable Components of the Executive Directors includes performance linked bonus, which will be decided by the Board based on the performance criteria with the objective to create long term shareholder value. Executive Directors do not receive any sitting fees for attending the Board and Committee meetings.

Making sure that the compensation package can attract, retain and motivate the Executive Director thanks to its structure and overall amount and be competitive with respect to the similar trend business standards, so that the Company can meet its strategic objectives within the increasingly competitive environment in which it operates. This remuneration will necessarily be approved by the shareholders and disclosed in the annual report.

The remuneration to be paid to the managing director, the whole-time director, the executive directors, the chief executive officer shall be determined keeping in view the market practice, the relative performance of the Company to the industry performance and individual performance and shall be subject to approval of appropriate authorities, as and when required.

NON-EXECUTIVE DIRECTOR

Non-Executive Directors including Independent Directors are eligible for a fixed amount of sitting fees for attending meetings of the Board of Directors and its committees as allowed under the Rules and Regulations of the Land.

Non-executive Director shall not 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. However, they may enjoy any other benefits, compensation and remuneration subject to approval by the general body of the company.

REIMBURSEMENT OF EXPENSES

All expenses incurred by the Board of Directors for attending the meetings and events of the Company are reimbursed at actual.

REMUNERATION TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

It is to be ensured that Key Managerial Personnel (KMP) and other personnel are paid as per the trend prevalent in the similar industry, nature and size of business. The level and components of remuneration is reasonable and sufficient to attract and retain the KMPs and Senior Management. The remuneration for Key Managerial Personnel and other employees is paid on a monthly basis and the variable component is paid on the degree of their achieving “Key Result Areas”.

Executive Directors on a yearly basis, in discussion with the KMP and senior management personnel, frame the Key Result Area (KRA) for all employees. The KRA is fixed with an aim to achieve the overall objectives of the Company.

REMUNERATION TO OTHER EMPLOYEES

To have a strong bondage with the Company and long-time association of the employees, the management while fixing remuneration to the employee ensures that it:

- Appropriately compensate employees for the services they provide to the Company;
- Attract and retain employees with skills required to effectively manage the operations and growth of the business;
- Motivate employees to perform in the best interests of the Company and its stakeholders

In consonance with this well formulated principle, the compensation of employees has been linked to performance. However, for compensation above certain limits have variable components in the salary structure and are linked to Key Result Area (KRA) and Key Performance Indicator (KPI) fixed to the employees.

The remuneration to be paid to senior management employees and other employees shall be determined keeping in view the market practice, the relative performance of the Company to the industry performance and individual performance and shall be subject to approval of appropriate authorities, as and when required.

Dividend Distribution Policy

As directed by BSEC vide directive no-BSEC/CMRRCD/2021-386/03 Dated 14 January 2021

1. Dividend rate shall be determined based on the recommendation of the actuary and actuarial report.
 2. Dividend should be approved by the shareholders at the AGM and the rate should not be more than the rate recommend by the Board of Directors.
 3. Dividend shall be paid off within 30 (Thirty) days of the approval in the AGM.
 4. Interim dividend shall be paid off to the entitled shareholders within 30 (thirty) days of record date.
 5. Cash dividend distribution process
 - a. Within 10(Ten) days of declaration of cash dividend by the board of directors an amount equivalent to the declared cash dividend shall be kept in a separate bank account dedicated for this purpose.
 - b. The cash dividend shall be paid off directly to the bank account of the entitled shareholders as available in the BO Account maintained with the depository participant (DP) or the bank account as provided by the shareholders in papers form through BEFTN.
 - c. If the dividend cannot be paid off through BEFTN then such cash dividend shall be paid off through bank transfer or any other electronic payment system as recognized by the Bangladesh Bank.
 - d. Upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, shall be paid off such cash dividend to the consolidated customers bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN.
 - e. In case of non-availability of online banking channel cash dividend warrants shall be sent by post to the shareholders
 - f. The cash dividend payable to the non-resident sponsor, director, shareholder shall be paid off through security custodian in compliance with the rules and regulations in this regard.
 - g. Immediately after the disbursement of cash dividend and issuance of certificate of TDS, shall intimate to the shareholders through an SMS to the mobile number or e-mail address as provided in the BO account or be provided to the shareholder.
 - h. Detailed information of unpaid or unclaimed dividend shall be maintained and rational there of
 - as per BO Account number wise , or
 - name-wise, or
 - folio number-wise of the shareholder and also to be disclosed the Summary of aforesaid information in the annual report
 - the statement of financial position (Quarter /annually) as a separate line item “Unclaimed Dividend A/C”
- Report : the year-wise summary of unpaid or unclaimed dividend shall be Published in the website.
- Any unpaid or unclaimed cash dividend including accrued interest (net of bank charges) if remains, shall be transferred to a separate bank account within 1 year from the date of declaration or approval of record date as the case may be.
6. The stock dividend shall be credited directly to the BO Account within 30 days of declaration or record date as the case may be, subject to the clearance of the exchange(s) and the CDBL.
 7. For the issuance of bonus shares Rule 46 of the “ডিপজিটরি (ব্যবহারিক) প্রবিধানমালা-২০০৩” shall be followed.
 8. A Suspense BO Account shall be maintained for un-distributed or unclaimed stock dividend or bonus shares and shall follow the following procedures for ensuring the rightful ownership:
 - i) Company shall send at least 03 (three) reminders to the entitled shareholders.

- ii) The suspense BO Account shall be held under Block module and such unclaimed or undistributed stock dividend shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allotted approaches to the company. Provided that any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend shall be credited to the suspense BO Account.
 - iii) Company shall upon receiving the application from the allotted and after proper verification of identity and his entitlement, Credit the bonus shares lying with suspense BO Account to the BO Account of the allotted, within 15(fifteen) days of receiving application with an intimation to the commission and the exchange(s).
9. Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholder is established.

Report 10. A compliance report shall be submitted to the commission and the exchanges in a Specified format in respect of the provisions of clauses (2) (3) (4) and (5) of the BSEC directive # BSEC/CMRRCD/2021-386/03 dated 14 January 2021 within 07 (Seven) working days of completion of dividend distribution. Besides this the report shall be published in web-site.

11. No unclaimed cash/stock dividend shall be forfeited till the claim becomes barred by the law of the land in force.

Report 12. If any cash/ stock dividend remains unpaid or unclaimed or unsettled including accrued interest (after adjustment of bank charge , if any) thereon for a period of 03(three) years the date of declaration or approval or record date as the case may be. Shall be transferred to the fund/ BO Account as or prescribed by the commission and deliver the detailed information to the manager of the fund during transfer of cash dividend.
Provided that if any shareholder or unit holder claims his/her cash dividend after transfer of such dividend to the fund, within 15 days of receiving such claim the issue shall after proper verification of the claim, recommend to the manager of the fund to pay off such dividend from the fund /BO Account.

13. RLICL itself or by appointing an agents, shall maintain detailed information of BO account, bank account, mobile phone number, e-mail address of the shareholder for the purpose of proper distribution of cash dividend or stock dividend .