

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019, and Code of Corporate Governance for Insurers, 2016

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and the Listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulation) for the purpose of establishing a framework of good governance, whereby the Adamjee Insurance Company Limited (the insurer) is managed in compliance with the best practices of corporate governance.

The Insurer has applied the principles contained in the Codes in the following manner:

1. The Insurer encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors (the Board). At present, the Board includes 8 directors:
 - I. 7 Male
 - II. 1 Female

| Category | Names |
|---------------------------------|---|
| Independent Directors | Khawaja Jalal Uddin Mohammad Arif Hameed |
| Executive Director | Muhammad Ali Zeb |
| Non-Executive Directors (Male) | Ibrahim Shamsi Imran Maqbool Shaikh Muhammad Jawed Umer Mansha |
| Non-Executive Director (Female) | Sadia Younas Mansha |

All independent directors meet the criteria of independence as laid down under the Codes.

The independent directors are appointed in terms of Section 166 (3) of the Companies Act, 2017 (the "Act") through the process of election prescribed under Section 159 of the Act.

The Board has fixed the number of directors to be elected as seven (7) which included two (2) as independent directors which were duly elected by the shareholders in their extraordinary general meeting held on 27 May 2022. Following the election of directors, the Board of Directors appointed a chief executive who is a deemed director in terms of Section 188 of the Act.

The fraction has not been rounded up to one as the Board believes and understands that two (2) independent directors are sufficient and have requisite competencies, skills, knowledge, and experience to fulfill their obligations as per requirements of the applicable law and regulations.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

4. No casual vacancy occurred on the Board during the year 2022.
5. The Company has prepared a statement of ethics and business practices and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, and the key officers, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
10. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
11. The Board arranged one Orientation course(s)/training programs after election of directors in May 2022 for its directors to apprise them of their duties and responsibilities. During the year 2022, one director attended Directors Training Program.
12. There was no change of Chief Financial Officer and Company Secretary during the year. The appointment of Head of Internal Audit has been approved by the Board, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.
13. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
14. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
15. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

17. The Board has formed the following Management Committees:

Underwriting Committee:

| Name of the Member | Category |
|--------------------|----------------------|
| Umer Mansha | Chairman |
| Muhammad Ali Zeb | MD & CEO |
| Asif Jabbar | Head of Underwriting |

Claim Settlement Committee:

| Name of the Member | Category |
|-------------------------|-------------------------|
| Muhammad Ali Zeb | Chairman |
| Muhammad Asim Nagi | Chief Financial Officer |
| Syed Ameer Hassan Naqvi | Head of Claims |

Risk Management & Compliance Committee:

| Name of the Member | Category |
|----------------------------|----------------------------|
| Muhammad Ali Zeb | Chairman |
| Muhammad Asim Nagi | Chief Financial Officer |
| Asif Jabbar | Head of Risk Management |
| Syed Ameer Hassan Naqvi | Head of Compliance /Claims |
| Tameez ul Haque | Company Secretary |
| Hafiz Muhammad Usman Zahid | Compliance Officer |

Reinsurance & Coinsurance Committee:

| Name of the Member | Category |
|----------------------|----------------------|
| Muhammad Ali Zeb | Chairman |
| Muhammad Salim Iqbal | Head of Reinsurance |
| Asif Jabbar | Head of Underwriting |
| Adnan Ahmad Chaudhry | Head of Commercial |

18. The Board has formed the following Board Committees:

Ethics, Human Resources and Remuneration Committee:

| Name of the Member | Category |
|--------------------|---------------------------------|
| Khawaja Jalaluddin | Chairman - Independent Director |
| Ibrahim Shamsi | Member - Non-Executive Director |
| Muhammad Ali Zeb | Member - Executive Director |
| Umer Mansha | Member - Non-Executive Director |

Investment Committee:

| Name of the Member | Category |
|-----------------------|-----------------------------------|
| Shaikh Muhammad Jawed | Chairman - Non-Executive Director |
| Imran Maqbool | Member - Non-Executive Director |
| Umer Mansha | Member - Non-Executive Director |
| Muhammad Ali Zeb | Member - Executive Director |
| Muhammad Asim Nagi | Member - Chief Financial Officer |

19. The Board has formed an Audit Committee. It comprises of four members, of whom one is an independent director and 3 are non-executive directors. The chairman of the Committee is an independent / non-executive director. The composition of the Audit Committee is as follows:

Audit Committee:

| Name of the Member | Category |
|-----------------------|---------------------------------|
| Muhammad Arif Hameed | Chairman - Independent Director |
| Ibrahim Shamsi | Member - Non-Executive Director |
| Shaikh Muhammad Jawed | Member - Non-Executive Director |
| Umer Mansha | Member - Non-Executive Director |

20. The terms of references of the Committees have been formed, documented and advised to the Committees for compliance.

21. The frequency of meetings of the committees were as per following;
- Audit Committee: quarterly meetings;
 - Ethics, Human Resource and Remuneration Committee: Twice a year;
 - Investment Committee: quarterly meetings
 - Management Committees: quarterly meetings
22. The Board has outsourced the internal audit function to A.F. Ferguson & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full-time basis.
23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000);

| Name | Designation |
|-------------------------|------------------------------|
| Muhammad Ali Zeb | Chief Executive Officer |
| Muhammad Asim Nagi | Chief Financial Officer |
| Hafiz Usman Zahid | Compliance Officer |
| Shahraiz Hussain | Actuary |
| Tameez ul Haque | Company Secretary |
| Imran Ali | Head of Internal Audit |
| Asif Jabbar | Head of Underwriting |
| Syed Ameer Hassan Naqvi | Head of Claims & Compliance |
| Muhammad Saleem Iqbal | Head of Reinsurance |
| Asif Jabbar | Head of Risk Management |
| Syed Ameer Hassan Naqvi | Head of Grievance Department |
| Asif Bashir | Head of Takaful |

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan, that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
25. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The Board ensures that the appointed actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
28. The Board ensured that the risk management system of the Company is in place as per the requirement of the Code of Corporate Governance for Insurers, 2016.

29. The Company has set up a risk management function / department, which carries out its task as covered under the Code of Corporate Governance for Insurers, 2016.
30. The Board ensures that as part of the risk management system, the Company gets itself rated from the credit rating agency which is being used by its risk management function / department and the respective Committee as a risk monitoring tool. The rating assigned by PACRA and AM Best was 'AA++' and 'B' in March 2022 and October 2022, respectively.
31. The Board has set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
32. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 and all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.
33. Explanation for not constituting Nomination Committee:

| S. No | Non Mandatory Requirement | Regulation No. | Explanation |
|-------|---------------------------|----------------|--|
| 1 | Nomination Committee | 29 (1) | Currently, the Board has not constituted a separate Nomination Committee as it was not mandatory and the functions are being performed by the Human Resource & Remuneration Committee. |

By Order of the Board



Umer Mansha
Chairman

Date: 21 March 2023

Independent Auditors' Review Report

TO THE MEMBERS OF ADAMJEE INSURANCE COMPANY LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 (the Regulations) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors (the Board) of Adamjee Insurance Company Limited for the year ended December 31, 2022 in accordance with the requirements of regulation 36 the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision Ixxvi of Code of Corporate Governance for Insurers, 2016.

The responsibility for compliance with the code and Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.


Chartered Accountants

Place: Lahore
Date: March 21, 2023
UDIN: CR2022100881Ud4xNXAh