

## Compliance with the Code of Corporate Governance

### Statement of Compliance with the Code of Corporate Governance

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

The Company, being an insurer, has applied the principles contained in the Code and the Regulations in the following manner:

1. The total number of directors are Eight as per the following, -
  - a. Male: Seven
  - b. Female: One
2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Name
Independent Director	Mr. Ahmad Alman Aslam
Independent Director	Mr. Shahmeer Khalid Butt
Non-Executive Director	Mr. Umer Mansha
Non-Executive Director	Mrs. Naz Mansha
Non-Executive Director	Mr. Shaikh Muhammad Jawed
Non-Executive Director	Mr. Imran Maqbool
Non-Executive Director	Mr. Muhammad Ali Zeb
Chief Executive Officer	Mr. Manzar Mushtaq

The independent directors meet the criteria of independence under the Code.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies including this company.
4. All the resident directors of the company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
5. No casual vacancy occurred during the year.
6. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company.
7. 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.

8. All 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 in accordance with the Companies Act and the Regulations.
9. The meetings of the Board were presided over by the Chairman 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 (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
12. During the year, new Chief Executive Officer Mr. Manzar Mushtaq was appointed by the board.
13. There was no change of Chief Financial Officer, Head of Internal Audit and Company Secretary. The Board has approved the remuneration of CFO & Company Secretary and the Head of Internal Audit Department.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.
15. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
16. The Directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code and the Regulations.
18. The Board has formed the following Management Committees under the Code:

#### **Underwriting, Reinsurance & Co-insurance Committee**

<b>Name of Members</b>	<b>Category</b>
Mr. Umer Mansha	Chairman / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Mr. Jalal Meghani	Member / Chief Financial Officer
Mr. Amin Nizar Ali	Member / Head of Actuarial & Risk Management
Dr. Bakht Jamal	Member / Head of Operations & Legal Affairs
Mr. Danish Ali Khan Rajput	Secretary / Head of Underwriting & Reinsurance

**Claim Settlement Committee:**

Name of Members	Category
Mr. S.M. Jawed	Chairman / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Mr. Jalal Meghani	Member / Chief Financial Officer
Mr. Ali Haider	Member / Head of Banca, Corporate Sales & Marketing
Dr. Saquib Saeed Khan	Secretary / Head of Policy Holder Services

**Risk Management & Compliance Committee:**

Name of Members	Category
Mr. Muhammad Ali Zeb	Chairman / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Mr. Jalal Meghani	Member / Chief Financial Officer
Mr. Amin Nizar Ali	Member / Head of Actuarial & Risk Management
Mr. Asif Mirza	Secretary / Head of Compliance

19. The Board has formed the following Board Committees.

**Ethics, Human Resource, Remuneration and Nominations Committee:**

Name of Members	Category
Mr. Shahmeer Khalid Butt	Chairman / Independent Director
Mr. S.M Jawed	Member / Non-Executive Director
Mr. Muhammad Ali Zeb	Member / Non-Executive Director
Mr. Umer Mansha	Member / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Ms. Zehra Faiz	Secretary / Head of Human Resource

**Investment Committee:**

Name of Members	Category
Mr. S.M. Jawed	Chairman / Non-Executive Director
Mr. Muhammad Ali Zeb	Member / Non-Executive Director
Mr. Imran Maqbool	Member / Non-Executive Director
Mr. Manzar Mushtaq	Member / Chief Executive Officer
Mr. Jalal Meghani	Member / Chief Financial Officer
Mr. Amin Nizar Ali	Member / Head of Actuarial & Risk Management
Ms. Sidrah Kanwer	Secretary / Assistant General Manager Finance

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

**Audit Committee**

Name of Members	Category
Mr. Shahmeer Khalid Butt	Chairman / Independent Director
Mr. S.M. Jawed	Member / Non-Executive Director
Mr. Muhammad Ali Zeb	Member / Non-Executive Director
Mr. Samad Ali Naqvi	Secretary / Head of Internal Audit

21. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
22. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. Ethics, Human Resource and Remuneration Committee meeting was held twice during the year.
23. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.
24. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, 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 of Person	Designation
Mr. Manzar Mushatq	Chief Executive Officer
Mr. Jalal Meghani	Deputy Managing Director / Chief Financial Officer
Mr. Rahim Vallyani	Company Secretary
Mr. Samad Ali Naqvi	Head of Internal Audit
Mr. Asif Mirza	Head of Compliance
Mr. Amin Nizar Ali	Head of Actuarial & Risk Management
Mr. Bakht Jamal	Head of Operations & Legal Affairs
Mr. Danish Ali Rajput	Head of Underwriting & Reinsurance
Dr. Saquib Saeed Khan	Head of Policy holder Services

25. 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 of the Company have confirmed that they have been given a satisfactory rating under the quality control review program 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 insurer and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

27. The Appointed Actuary of the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
28. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code.
29. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
30. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code.
31. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code.
32. The Board ensures that as part of the risk management system, the Company gets rated from PACRA 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 the said rating agency on 29 June 2022 is A++ with stable outlook.
33. The Board has set up a grievance department/function, which fully complies with the requirements of the Code.
34. All directors are either already certified or exempt from the said requirement under Code.
35. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code.
36. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.
37. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
38. Regulation 6: The Board of the Company comprises of seven (7) elected directors and CEO therefore one-third works out to be 2.66. Fraction arrived at while calculating the one-third of Independent Directors was not rounded up to one. The reason for such rounding down is because the Board honestly believes and understands that two (2) independent directors are sufficient to fulfill the roles and obligations of the independent director as per requirements of the applicable law and regulations. Moreover, the Company has two eminent and seasoned professionals who are acting in the capacity of independent directors, both of whom have the requisite competencies, skills, knowledge and experience to discharge and execute their duties competently. Therefore, the appointment of a third independent director is not considered.

## **Independent Auditor's Review Report To the members of Adamjee Life Assurance 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 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (both herein referred to as 'the Code') prepared by the Board of Directors of Adamjee Life Assurance Company Limited (the Company) 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 (lxxvi) of Code of Corporate Governance for Insurers, 2016.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, whether the Statement reflects the status of the Company's compliance with the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. 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 Code.

As 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 Code requires 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended December 31, 2022.

#### **Chartered Accountants**

**Place:** Karachi

**Date:** March 30, 2023

UDIN: CR202210057yQf2dGOV5