

Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019, For the year ended 31 December 2022

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 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of Corporate Governance.

The Company, being an insurer, has applied the principles contained in the said Codes in the following manner:

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

<u>Category</u>	<u>Name</u>
Independent Female Director	Mrs. Rukhsana Shah
Independent Director	Mr. Ruhail Muhammad
Independent Director	Mr. Ahsen Ahmed
Executive Director	Mr. Taher G. Sachak
Non-Executive Director	Mr. Rafique R. Bhimjee
Non-Executive Director	Mr. Saifuddin N. Zoomkawala
Non-Executive Director	Mr. Hasanali Abdullah
Non-Executive Director	Mr. S. Salman Rashid
Non-Executive Director	Mr. Ali Raza Siddiqui
Non-Executive Director	Mr. Daanish Bhimjee

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 "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
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 relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and CCG 2019. The decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman of the Board for this purpose. The Board met at least once in every quarter. The Board has complied with the requirement of the Act and CCG 2019 with respect to frequency, recording and circulating minutes of meeting of Board. 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 management of the Company has arranged an orientation course for all its directors in the form of booklet which was submitted to the Board of Directors during the year to apprise them of their duties and responsibilities and also about changes in laws and regulations.
12. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
13. There was no change of Chief Financial Officer, Head of Internal Audit. The Company Secretary, Mr. Hasan Jivani was appointed during the year due to resignation of Mr. Abbas Hussain. 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 Listed Companies (CCG) Regulations, 2019 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 Listed Companies (CCG) Regulations, 2019.
18. The Board has formed the following Management Committees under the Code:

Underwriting Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Taher G. Sachak	Chairman (Chief Executive Officer)
Dr. Tajuddin A. Manji	Member
Mr. Zain Ibrahim	Member
Mr. Hasan Sheikh	Member
Dr. Asadul Hadi Siddiqui	Member

Claim Settlement Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Taher G. Sachak	Chairman (Chief Executive Officer)
Mr. Arshad Iqbal	Member
Dr. Ammara Moazzum	Member
Mr. Sajjad Hussain	Member

Reinsurance & Co-insurance Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Taher G. Sachak	Chairman (Chief Executive Officer)
Mr. Mohammad Ali Ahmed	Member
Mr. Zain Ibrahim	Member
Mr. Raza Hasan	Member
Mr. Ali Qureshi	Member

Risk Management & Compliance Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Taher G. Sachak	Chairman (Chief Executive Officer)
Mr. Mohammed Ali Ahmed	Member
Mr. S. Shahid Abbas	Member
Mr. Zain Ibrahim	Member
Mr. Ali Qureshi	Member
Mr. Abdul Mujeeb	Member
Mr. Hasan Jivani	Member

19. The Board has formed the following Board Committees.

Ethics, Human Resource & Remuneration Committee:

<u>Name of the Member</u>	<u>Category</u>
Mrs. Rukhsana Shah	Chairperson (Independent Director)
Mr. Rafique R. Bhimjee	Member (Non-Executive Director)
Mr. Saifuddin N. Zoomkawala	Member (Non-Executive Director)
Mr. Taher G. Sachak	Member (Chief Executive Officer)

Investment Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Rafique R. Bhimjee	Chairman (Non-Executive Director)
Mr. Saifuddin N. Zoomkawala	Member (Non-Executive Director)
Mr. Taher G. Sachak	Member (Chief Executive Officer)
Mr. Hasanali Abdullah	Member (Non-Executive Director)
Mr. Daanish Bhimjee	Member (Non-Executive Director)
Mr. Omer Morshed	Member (Appointed Actuary)
Mr. S. Shahid Abbas	Member (Chief Financial Officer)
Mr. Mohammed Ali Ahmed	Member (Deputy Managing Director)
Mr. Ali Qureshi	Member (Actuary)

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

Audit Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Ruhail Muhammad	Chairman (Independent Director)
Mrs. Rukhsana Shah	Member (Independent Director)
Mr. Hasanali Abdullah	Member (Non-Executive Director)
Mr. Saifuddin N. Zoomkawala	Member (Non-Executive Director)
Mr. Daanish Bhimjee	Member (Non-Executive Director)
Mr. Ali Raza Siddiqui	Member (Non-Executive Director)

21. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance. The frequency of meeting of the committees were as follows:

	<u>Name of Committee</u>	<u>Frequency</u>
A	Ethics, Human Resource & Remuneration Committee	Twice a year
B	Investment Committee	Quarterly
C	Audit Committee	Quarterly
D	Underwriting Committee	Quarterly
E	Claim Settlement Committee	Quarterly
F	Reinsurance & Co-insurance Committee	Quarterly
G	Risk Management & Compliance Committee	Quarterly

22. The Quarterly meetings of audit Committee were held prior to approval of interim and final results of the Company and as required by the Code.

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):

<u>Name of the Person</u>	<u>Designation</u>
Mr. Taher G. Sachak	Chief Executive Officer
Mr. Mohammed Ali Ahmed	Deputy Managing Director
Mr. S. Shahid Abbas	Chief Financial Officer
Mr. Hasan Jivani	Company Secretary & Compliance Officer
Mr. Mohammad Abbas	Head of Internal Audit
Mr. Zain Ibrahim	Head of Underwriting
Dr. Ammara Moazzum	Head of Claims
Mr. Ali Qureshi	Head of Actuary / Reinsurance
Mr. Abdul Mujeed	Head of Risk Management
Mr. Arshad Iqbal	Head of Grievance Dept.

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 and 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 Directors of the Company.

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 VIS 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 02 January 2023 is AA+ 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 of the company have acquired certification under the Director's training program.
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 no. 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (CCG) Regulations, 2019 have been complied with.

Regulation 6: The Board of the Company comprises of ten elected directors and one-third works out to be 3.33. Presently, three (3) independent directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations under which, hereby, fulfill the requirements; not warrant the appointment of a forth independent director.

TAHER G. SACHAK
Managing Director &
Chief Executive

SAIFUDDIN N. ZOOMKAWALA
Director

HASANALI ABDULLAH
Director

RAFIQUE R. BHIMJEE
Chairman

Karachi February 21, 2023

Independent Auditor's Review Report on the Statement of Compliance contained in the 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 of Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (combined called 'the Code') prepared by the Board of Directors of EFU Life Assurance Limited (the Company) for the year ended 31 December 2022 in accordance with the requirements of the Code.

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 of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements 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 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 Code 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 Code as applicable to the Company for the year ended 31 December 2022.

EY Ford Rhodes
Chartered Accountants
Karachi 06 March, 2023
UDIN: CR202210191WnxSavBNp