

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

- The total number of directors are 8 as per the following:
Male : 7
Female : 1
- The Company encourages the representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the Board includes:

Category	Names
Independent Directors	Chief Justice (R) Mian Mahboob Ahmad ,Mr. Ahsan Mahmood Alvi and Mr. Umeed Ansari
Non-Executive Directors	Mr. Shahzad Farooq Lodhi amd Mrs. Urooj Yunus Ansari
Executive Directors	Mr. SaadYunus, Mr. Javed Yunus, Mr. Pervez Yunus

The independent director meets the criteria of independence as laid down under the Code and COCG, 2019.

- The directors have confirmed that none of them is serving as a director in more than seven listed companies including this company excluding the listed subsidiaries of the listed holding.
- 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 an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- No casual vacancy occurred on the Board during the year.
- The company has prepared a "Statement of Ethics and Business Practice" as Code of Conduct and ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the insurer. The Board has ensured that the complete record of particulars of significant policies along with their dates of approval or updating is maintained by the company.
- All the powers of the Board have been duly exercised, decisions on material transactions and decisions on relevant matter, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, as empowered by the relevant provisions of the Companies Act, 2017 and COCG 2019 have been taken by the Board;
- 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. The board has complied with the requirements of Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations;
- 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 control given in the Code;
- Board of directors comprised of eight directors out of which two directors have obtained "Orientation Course" organized by ACCA Pakistan, Institute of Corporate Governance and six other directors are experienced and educated enough that exempted them from certification course;

Directors obtained Orientation Course

Name of the Member	Category
Mr. Javed Yunus	Executive Directors (Marketing)
Mr. Pervez Yunus	Executive Directors (Operation)

- There was no change in the position of Company Secretary and Head of Internal Audit and Chief Financial Officer (CFO) in 2022. The Board had, however, approved the increase in remuneration of CFO & Company Secretary and Head of Internal Audit;
- The directors' report for this year has been prepared in compliance with the requirements of the Code and COCG 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 COCG 2019;
18. The Board has formed the following Management Committees:

Underwriting Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Pervez Yunus	Chairman
Mr. Umeed Ansari	Member
Mr. Brandan D' Lima	Member
Mr. Imran Ali Dodani	Member
Mr. Muhammad Sahreef	Member/ Secretary

Claim Settlement Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Javed Yunus	Chairman
Mr. Saad Yunus	Member
Mr. Shabbir Ali Kanchwala	Member
Mr. Imran Ali Dodani	Member
Mr. Sana Hashmi	Member / Secretary

Reinsurance & Co-insurance Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Naved Yunus	Chairman
Mr. Umeed Ansari	Member
Mr. Saad Yunus	Member
Mr. Brandan D' Lima	Member
Mr. Syed Arshad Ali	Member / Secretary

Risk Management & Compliance Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Brandan D' Lima	Chairman
Mr. Shabbir Ali Kanchwala	Member
Mr. Shahzad Farooq Lodhi	Member
Mr. Johry Lal	Member
Mr. Muzammil Usman Karim	Member / Secretary

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

Audit Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Ahsan Mahmood Alvi	Chairman - Independent Director
Mr. Saad Yunus	Member- Executive Director
Mr. Umeed Ansari	Member- Independent Director
Mr. Shahzad Farooq Lodhi	Member-Non Executive Director
Mr. Johry Lal	Secretary - Head of Internal Audit

20. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Ahsan Mahmood Alvi	Chairman - Independent Director
Mr. Umeed Ansari	Member - Non-Executive Director
Mrs. Urooj Yunus Ansari	Member- Non-Executive Director
Mr. Brandan D' Lima	Member / Secretary- Executive Director

Investment Committee:

<u>Name of the Member</u>	<u>Category</u>
Mr. Ahsan Mahmood Alvi	Chairman- Independent Director
Mr. Naved Yunus	Member-Chief Executive officer
Mr. Umeed Ansari	Member- Independent Director
Mr. Saad Yunus	Member-Executive Director
Mr. Shabbir Ali Kanchwala	Member-Director Finance
Mr. Tanveer Iqbal	Member-CFO
Mr. Saeed Ahmed	Member / Secretary

Nomination Committee:

Name of the Member

Mrs. Urooj Yunus Ansari
Mr. Shahzad Farooq Lodhi
Mr. Ahsan Mahmood Alvi
Mr. Imran Ali Dodani

Category

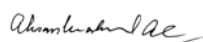
Chairperson- Non-Executive Director
Member- Non-Executive Director
Member- Independent Director
Member / Secretary - Director Legal

21. The meetings of Committees were held at least once every quarter prior to approval of interim and final results of the Company and as required by this Code. The terms of reference of the Committees have been formed, documented and advised to the committees for compliance.
22. The Board has set up an effective internal audit function 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.
23. The Chief Executive officer, Chief Financial Officer & Company Secretary, Compliance officer and the Head of Internal Audit possess such qualification and experience as required under the Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance function 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 Persons	Designation	Qualifications	Experience
Mr. Naved Yunus	Chief Executive Officer	MSc & BSC (Accounting)	Working in EWI since 1983
Mr. Shabbir Ali Kanchwala	Company Secretary	MBA Finance	Working in EWI since 1983
Mr. Tanveer Iqbal	Chief Financial Officer	MBA Finance	Worked in/for various Insurance Cos. Since 1999.
Mr. Brendin D'Lima	Head of Risk Management	Graduate	Worked in/for various Insurance Cos. Since 1985
Mr. Johry Lal	Director Audit	FCCA & ACA (England & Wales)	Worked in/for various companies including CA Firm since 2001. Working in EWI since 2006
Mr, Imran Ali Dodani	Head Of Grievance Function	MBA, LLB	Worked in/for various Insurance Cos. Since 1986
Syed Arshad Ali	Head of Reinsurance	M.A (Economics)	Working in EWI since 1985
Mr. Sana Hashmi	Head of Claims	MBA Finance	Working in/for various Insurance Cos. Since 1988
Mr. Muzammil Usman Karim	Compliance Officer	MBA Finance	Working in EWI since 2015
Mr. Muhammad Shareef	Head of Underwriting	Graduate	Working in EWI since 1986

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 and registered with Audit Oversight Board 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 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 director of the company;
25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
26. The Board ensures that the Investment Policy of the Company has been drawn up in accordance with the provisions of the code;
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code;
28. The Company has set up a Risk Management function, which carries out its tasks as covered under the Code;
29. The Company has been rated by PACRA the rating agency on November 25, 2022 is AA (ifs) with stable Outlook;
30. The Board has set up Grievance function in Compliance with the requirements Code;
31. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code;
32. We confirm that all other material principles contained in the Code and COCG 2019 i.e. 3, 6, 7, 8 27,32,33 and 36 have been complied with except;

The Company has three executive Directors out of eight elected directors, which exceeds the allowable proportion of executive directors on the Board of Directors as required by the Code 8 of COCG 2019 and the Code. The company in upcoming election will comply with the requirement in pursuance to the Companies Act 2017 the compliance of the regulation will be made.



Director

Dated: March 25, 2023



Chief Executive Officer

INDEPENDENT AUDITOR'S REVIEW REPORT



TO THE MEMBERS OF EAST WEST INSURANCE COMPANY LIMITED REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

We have reviewed the enclosed Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations') and the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors of East West Insurance Company Limited (the Company) for the year ended December 31, 2021 in accordance with the requirements of Regulation 36 of the Regulations and provision Ixxvi of the Code.

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 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 and 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 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm length transaction and transactions which are not executed at arm lengths price and recording proper justification for using such alternative pricing mechanism and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. 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 audit committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 and the Code as applicable to the Company for the year ended December 31, 2022.

Further we highlighted below instances of non-compliance with the requirement of the Code and Regulations as reflected in the paragraphs 32 and 33 of the statement of compliance:

Code of Corporate Governance Regulation for Listed Companies, 2019 and the Code of Corporate Governance for Insurers, 2016		
S.No.	Reference	Description
1	iii(b) of Code and section 8 of Regulations	The Company has three executive directors out of eight elected directors, which exceed the allowable proportion (one third of elected directors) of executive directors on the Board of Directors as required by the Code.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

UDIN: CR202210207zsu7CtghQ