

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

For the year ended December 31, 2023

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

Reliance Insurance Company Limited (The Company) has applied the principles contained in the Regulations and the Code and has complied with the requirements of the Regulations and the Code in the following manner:

1. The total numbers of Director are nine (9) as per the following:-

- (a) Male = 08
- (b) Female = 01

2. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (the Board). The composition of the Board is as follows:

Category	Name
Independent Directors	Ms. Tasneem Yusuf (Female Director)
	Mr. Naeem Ahmed Shafi
	Mr. Jahangir Adam
Executive Director	Mr. A. Razak Ahmed
Non-Executive Director	Mr. Irfan Zakaria Bawany
	Mr. Muhammad Omer Bawany
	Mr. Ahmed Ali Bawany
	Mr. Noor M. Zakaria
	Mr. Zia Zakaria
	Mr. Muhammad Patel

The number of elected directors on the Board are nine (9) whereas Mr. A. Razak Ahmed being Chief Executive of the Company is a “deemed director” under section 188(3) of the Companies Act, 2017.

The independent directors meet the criteria of independence as laid down under the Regulations and the Code. The independent directors are three out of ten directors (including the Chief Executive) and considering the required skills set and experience to discharge and execute their duties competently as per laws and regulations the fraction of one third has been rounded to three.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies in which each of them is a director).
4. 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 development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
5. No casual vacancy occurred on the Board during the year.
6. The Company has prepared a 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. The Board has ensured that complete record of particulars of the significant policies along with the dates of approval or updating is maintained by the company.
8. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act), the Regulations and the Code. The decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer, and key Officers have been taken by the Board.
9. 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. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The Board has complied with the requirements of Act, the Regulations and the Code with respect to frequency, recording and circulating minutes of meeting of the Board.

10. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
11. 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.
12. Five Directors of the Company possess sufficient experience and qualification so they are exempt from attending the Directors' Training Program. Whereas four Directors, namely Mr. Irfan Zakaria Bawany, Mr. Ahmed Ali Bawany, Ms. Tasneem Yusuf and Mr. Muhammad Patel have completed Director' Training Program either from Pakistan Institute of Corporate Governance or The Institute of Chartered Accountant of Pakistan. The management of the Company also carries out orientation sessions of the Board during board meetings, as and when required, in order to apprise them of their duties and responsibilities and the new developments and pronouncements of relevant laws and regulations.
13. During the year, due to the death of Chief Financial Officer (CFO), Mr. Haroon A. Shakoor, the Board has re-designated Mr. Ghulam Haider as Chief Financial Officer (CFO) and appointment of Mr. Faraz Abdul Razzak has been made as a Company Secretary. There was no change in the Head of Internal Audit, during the year. The Board approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations and the Code.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Regulations and the Code and fully describes the salient matters required to be disclosed.
15. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements 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:

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

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Abdul Rahim	Assistant Vice President	Member
Mr. Abbas Baghat	Deputy Manager	Secretary

**Claim Settlement Committee:**

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Ghulam Haider	Chief Financial Officer	Member
Mr. Shaikh Muhammad Siddiq	Assistant Vice President	Member
Mr. Muhammad Ebrahim	Manager	Secretary

**Takaful Committee**

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Najmullah Khan	Head of Takaful	Member
Mr. Kashif Wadiwala	Shariah Compliance Officer	Secretary

**Risk Management & Compliance Committee:**

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Ghulam Haider	Chief Financial Officer	Member
Mr. Faraz Abdul Razzak	Company Secretary & Compliance Officer	Member
Mr. Najmullah Khan	Head of Takaful	Member
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Ghulam Mujaddid	Vice President	Member
Mr. Abdul Rahim	Assistant Vice President	Member
Mr. Muhammad Masood Ali	Assistant Vice President	Member
Mr. M. Naveed Jan	Internal Auditor	Secretary

**Nomination Committee:**

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Ghulam Haider	Chief Financial Officer	Member
Mr. Faraz Abdul Razzak	Company Secretary & Compliance Officer	Member
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Muhammad Salim Memon	Assistant Vice President	Member & Secretary

19. The Board has formed Board Committees comprising of members given below:

**a) Ethics, HR and Remuneration Committee:**

Name of the Member	Designation	Category
Mr. Naeem Ahmed Shafi	Independent Director	Chairman
Mr. Irfan Zakaria Bawany	Non-Executive Director	Member
Mr. Noor M. Zakaria	Non-Executive Director	Member
Mr. A. Razak Ahmed	Executive Director	Member
Mr. Masood Alam	Chief Manager	Secretary

**b) Investment Committee**

Name of the Member	Designation	Category
Mr. Irfan Zakaria Bawany	Non-Executive Director	Chairman
Mr. Ahmed Ali Bawany	Non-Executive Director	Member
Ms. Tasneem Yusuf	Independent Director	Member
Mr. Muhammad Patel	Non-Executive Director	Member
Mr. A. Razak Ahmed	Executive Director	Member
Mr. Ghulam Haider	Chief Financial Officer	Member
Mr. Muhammad Saleem Memon	Assistant Vice President	Secretary

**c) Audit Committee:**

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

Name of the Member	Designation	Category
Ms. Tasneem Yusuf	Independent Director	Chairperson
Mr. Irfan Zakaria Bawany	Non-Executive Director	Member
Mr. Muhammad Omer Bawany	Non-Executive Director	Member
Mr. Faraz Abdul Razzak	Company Secretary & Compliance Officer	Secretary

20. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

21. 21. The frequency of meetings of the committees were as per following:

- |   |                    |
|---|--------------------|
| a) Audit Committee:                       | Quarterly meetings |
| b) Ethics, HR and Remuneration Committee: | Twice a year       |
| c) Nomination Committee:                  | Twice a year       |
| d) Risk Management Committee:             | Twice a year       |
| e) Investment Committee:                  | Twice a year       |

22. The Board has set up an effective internal audit function, which comprises of individual who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they 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 is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions 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 the Person	Designation
Mr. A. Razak Ahmed	Chief Executive Officer & Managing Director
Mr. Ghulam Haider	Chief Financial Officer
Mr. Faraz Abdul Razzak	Company Secretary & Compliance Officer
Mr. Najmullah Khan	Head of Window Takaful Operations & Grievance Deptt.
Mr. M. Hanan Shahdani	Senior Vice President
Mr. Muhammad Naveed Jan	Head of Internal Audit
Mr. Shaikh Muhammad Siddiq	Head of Claims
Mr. Abdul Rahim	Head of Reinsurance

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 program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their 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 and that they or any partners of the firm, their spouses and minor children do not hold shares 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 Act, these Regulations, the Code 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 Board ensures that as part of the risk management system, the Company gets itself rated from PACRA and VIS rating agencies, which is being used by its risk management function and the respective committee as a risk monitoring tool. The rating assigned by the said rating agencies on November 24, 2023 and January 02, 2024 is A+ (single A) with stable outlook.
30. The Board has set up a grievance function, which fully complies with the requirements of the Code.
31. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code.
32. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
33. We confirm that all other material principles contained in the Code have been complied with.



**IRFAN ZAKARIA BAWANY**  
Chairman



**A. RAZAK AHMED**  
Chief Executive & Managing Director

Karachi: 28th March, 2024



Tel: +92 21 3568 3030  
Fax: +92 21 2568 4239  
[www.bdo.com.pk](http://www.bdo.com.pk)

2nd Floor, Block-C  
Lakson Square, Building No. 1  
Sarwar Shaheed Road  
Karachi-74200  
Pakistan

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELIANCE INSURANCE COMPANY LIMITED

### Review Report to the Members of Reliance Insurance Company Limited 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 best practices contained in the Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulations) prepared by the Board of Directors of Reliance Insurance Company Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations and provision XXV of the Code.

The responsibility for compliance with the Code and the 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 Code and the Regulations, and report if it does not and to highlight any non-compliance with the requirements of the Code and 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 Code and 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 Code and Regulations as applicable to the Company for the year ended December 31, 2023.

KARACHI  
DATED: 28th March, 2024  
UDIN: CR202310067pUC34t81J

  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

#### BDO Ebrahim & Co. Chartered Accountants

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