

Takaful Islami Insurance PLC

Code of conduct for the Chairperson, other Board Members and Chief Executive Officer

The Code of Conduct of Takaful Islami Insurance PLC for all Board members and the Chief Executive Officer to be recommended to the Board for their adoption and compliance under BSEC Corporate Governance Code. This Code is adopted in order to assist the directors to properly fulfilling their duties and responsibilities.

Corporate governance is the system by which companies are directed and controlled by the Management in the best interest of all the stakeholders, thereby ensuring greater transparency and timely financial reporting.

The maintenance of effective corporate governance remains a key priority of the Board of Takaful Islami Insurance PLC. To exercise clarity about Directors responsibilities towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the Company and create a culture of openness and accountability. TIPLC considers that its corporate governance code practices comply with all the aspects of SEC Notification No. BSEC/CMMRRCD/2006-158/207/Admin/80 dated 3 June, 2018. In addition to establishing high standards of corporate governance, TIPLC also considers best governance practices in its activities. The independent role of Board of Directors, separate and independent role of Chairman and Chief Executive Officer, distinct role of Company Secretary, Chief Financial Officer, different Board Committees allow TIPLC to achieve excellence in best corporate governance practices.

Board of Directors Composition

The Board of TIPLC considers that its membership should comprise of directors with an appropriate mix of skills, experience and personal attributes that allow the Directors, individually and the board, collectively, to discharge their responsibilities and duties, under the law, efficiently and effectively, understand the business of the Company assess the performance of the Management.

The Board of TIPLC comprise of twenty Directors who possess a wide range of skills and experience cover a range or professions, business and service. Each of our Directors brings in independent judgment and considerable knowledge to perform their roles effectively. The Board of Directors ensure that the activities of the Company are always conducted with adherence to strict and highest possible ethical standards and in the best interest of the stakeholders.

The Directors are appointed by the shareholders in the Annual General Meeting. Casual vacancies if any are filled by the Board in accordance with the stipulations of the Companies Act, 1994 and Article of the Company. In addition, one third of the Directors retires from the Board every year in the AGM, but remains eligible for reelection.

Role and Responsibilities of the Board

The Board is committed to achieve superior financial performance and long term prosperity, while meeting stakeholders' expectations of sound corporate governance practice. The Board determines the corporate governance arrangements for the Company. As with all its business activities, the Board is proactive in respect of corporate governance and puts in all place those arrangements which it consider are in the best interest of the Company and its shareholders, and consistent with its responsibilities to other stakeholders.

The Board of Directors is in full control of the Company's affairs and is also fully accountable to the shareholders. They firmly believe that the success of the Company largely depends on the credible corporate governance practices adopted by the Company. Taking this into consideration, the Board of Directors of TIPLC sets out its strategic focus and oversees the business and related affairs of the Company. The Board also formulates the strategic objectives and policy framework for the Company. In discharging the above responsibilities, the Board carries out, the following functions as per the charter of the Board.

- Determine, monitor and evaluate strategies, policy, management performance criteria and business plan.
- Periodic and timely reporting to the shareholders on the affairs, progress and performance of the Company.
- Ensuring proper decision making and accountability structure throughout the Company so that the staff down the line is fully accountable to the corporate management.

- Delegation to Board Committees and Management and approval of transactions in excess of delegated level.
- Approval of major capital expenditure proposals.
- Critical evaluation of all proposals which require Board's approval and/or directives.
- Regular review of financial performance and overdue situation.
- Appointment and evaluation of the performance of the top Management positions.
- Ensuring that the senior management team has the necessary skill and experience to perform their function effectively in the best interest of the Company.
- Monitoring the adequacy, appropriateness and operation of internal controls.

Conduct for the Board of Members

The Board of Directors of TIIPLC is committed to the highest standards of conduct in their relationships with its employees, customers, members, shareholders, regulator and the public. A Director of TIIPLC always seeks to use due care in the performance of his/her duties., be loyal to the Company, act in good faith and in a manner such Director reasonably believes to be not opposed to the best interests of the Company. Endeavour's to avoid having his or her private interest interfere with the interest of the Company. Maintains the confidentiality of information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated or if such information is in the public domain.

Board Meetings

The meetings of the Board of Director of TIIPLC are normally held at the Registered and Corporate Head Office of the Company. Meeting is scheduled well in advance and the notice of each Board Meeting is given in writing, to each Director by the Company Secretary.

The Company Secretary prepares the detailed agenda for the meeting. The Board papers comprising the agenda, explanatory notes and proposed regulations are circulated to the Directors in advance for their review. The Members of the Board have complete access of all information of the Company enabling them to work efficiently. The Company Secretary and Chief Financial Officer always attend the Board Meeting and other Senior Management is invited to attend Board Meeting to provide additional inputs to the items being discussed by the Board and make necessary presentations.

Internal Control

The Board is responsible for ensuring that the Company has an adequate and effective control system in place. The Company's internal control system have been designed by the Audit Committee with reasonable assurance that assets are safeguarded against unauthorized use by the employees/or management and/or third parties, transactions are authorized and properly recorded and material error and irregularities are either prevented or detected within a reasonable period of time.

Properly designed management structure, clearly defined responsibilities, delegation or authorities, establishment of accountability at each level and system of periodic reporting and monitoring performance are the key elements of the internal control framework employed in TIIPLC.

Independent Directors

- Every Independent Director will have to ensure that s/he complies with the applicable regulation of the Bangladesh Securities and Exchange Commission.
- The Independent Director(s) shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM) with consent Bangladesh Securities and Exchange Commission.
- The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.

Conflicts of Interest

The Directors have an obligation to act in the best interest of the Company. All Directors should endeavor to avoid situations that present a potential or actual conflict between the interest of the Directors and the Company. Conflict of interest occurs when a director or a member of their family has a business relationship with a competitor, client, or supplier of the company in the context of negotiating or performing a contract or performing a duty for the company. To receive advances,

loans, guarantees or services in order to influence a decision to be taken by the Company would also constitute a conflict of interest. Directors shall not work simultaneously for a competitor, client or supplier or to hold significant interest in such entities. Therefore:

Directors shall not take a position with, or perform consulting services for a competitor, supplier or customer of the Company, or with any other organization which might deprive the Company of the full loyalty and services of the Director.

Neither Directors nor their spouses or minor children may hold investments in any privately held company doing business with the Company.

Compliance with laws and regulations

Directors are expected to comply with applicable laws, rules and regulations of the People's Republic of Bangladesh and of any other country that may apply to the position they are holding.

The Directors shall comply with all antitrust and competition laws, and shall not engage in any improper communications or agreements with competitors.

The Directors shall not offer, promise or give any undue pecuniary or other advantages, whether directly or through intermediaries to a public and/or private official in order to obtain a favorable treatment or to influence the outcome of a negotiation in which the Company is interested. These activities are not only illegal but also violate international convention on combating bribery of foreign public officials in force in many countries and may warrant criminal penalties.

No gift, payment or other benefit should be received by a Director from a competitor, client or supplier of the Company. However gifts of nominal value excluding cash gifts, which are consistent with customary business practices and do not violate any laws or regulation may be received..

Fraudulent Conduct

The Company relies on the personal integrity of all Directors in safeguarding the Company's asset, including the Company's intellectual property, against damage, theft, fraud and unauthorized use. Prohibited irregularities include, but are not limited to, dishonest or fraudulent assets for personal gain.

Confidential information and insidertrading

Directors should maintain the confidentiality of information entrusted to them by the Company, its customers, consumers or suppliers, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company, its customers, consumers or suppliers, if disclosed.

Any non-public information which might influence the market price of Company's shares should be kept in strict confidence until publicly released by authorized persons in accordance with BSEC regulations. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only contrary to the Company's rules of conduct but also illegal. Rules on insider trading extend to all transactions in shares or other securities of the Company, subject to any specific rules that may be applicable on stock exchanges or published by Company. As part of the Company's policy on insider trading, Directors, are required to sign a specific undertaking to comply with the regulations as they may have access to privileged information.

Compliance with the code

Directors are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with promptly.

Suspected violations of this Code must be reported to the Chairman of the Board of Directors. All reported violations will be appropriately instigated. Directors who violate this Code may be subject to sanctions up to and including A request to resign as Director or the Boards' seeking removal of the Director, where permitted by applicable law.

A Director charged with a violation of this Code should not participate in a vote of the committee or the Board concerning his/her alleged violation, but may be present at a meeting of the Board or committee convened for that purpose.

Any waiver of this Director's Code must be approved by the Board of Directors and publically disclosed as required by law or regulation.

Relationship with Environment

The Chairperson, other Board members and Chief Executive Officer should cause the Company to strive to provide as affiant healthy working environment and comply, in the conduct of the Business affairs of the Company, with all regulations regarding the preservation of the environment of the industry it operates in.

The Company should be committed to prevent the waste full use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment in accordance with the applicable laws.

Relationship with Employees

The Chairperson, other Board members and Chief Executive Officer should strive for causing the Company to maintain cordial employee relations.

The Chairperson, other Board members and Chief Executive Officer should cause the Company to build competency based human resource systems and maintain human resource policies that have been directed at managing the growth of the organization efficiently.

The Chairperson, other Board members and Chief Executive Officer should assist the Company in further aligning its human resource policies, processes and initiatives to meet its business needs.

Relationship with Customers

The Chairperson, other Board members and Chief Executive Officer should ensure that the Company is committed to supply products and services of the highest quality standards backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction.

The Chairperson, other Board members and Chief Executive Officer should ensure that Company will properly engage in product advertising, publicity, and sales promotion activities to avoid misleading the customers.

The Chairperson, other Board members and Chief Executive Officer should ensure that the Company will engage in free and open competition with competitors to maintain its stances a company trusted by customers and society.

Relationship with Suppliers

This Code contains general requirements applicable to all suppliers to Company. Particular supplier contracts may contain more specific provisions addressing some of the sesame issues. Nothing in this Code is meant to supersede any specific provision in a particular contract, and to the extent there is any inconsistency between this Code and another provision of a particular contract, the other provision will prevail.

The Chairperson, other Board members and Chief Executive Officer should act in the best interest of the Company. Accordingly, the Chairperson, other Board members and Chief Executive Officer should have no relationship, financial or otherwise, with any supplier that might conflict, or appear to conflict, with the Chairperson, other Board members and Chief Executive Officer's obligation to act in the best interest of Company.

Independency

The Chairperson, other Board members and Chief Executive Officer should act impartial to the Employees, Customers, Suppliers, Shareholders and other Stakeholders.

The Chairperson, other Board members and Chief Executive Officer should remain independent in all material respects.