

Report on CORPORATE GOVERNANCE

Corporate governance has been introduced to direct and control the company independently by the management for the sake of the interest of all the shareholders and stakeholders, thereby ensuring greater transparency and timely financial reporting.

Comparable to other publicly traded companies, compliance of corporate governance has been given top priority by the Board of Eastland Insurance PLC.(EIPLC) 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.EIPLCL considers that its corporate governance practices comply with all the aspects of SEC Notification No. SEC/CMMRRCD/2006-158/207/Admin/80 dated 3rd June, 2018. In addition, to establishing high standards of corporate governance, EIPLC 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 EIPLC to achieve excellence in best corporate governance practices.

Composition of Board of Directors

The Board of EIPLC 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 and assess the performance of the management. The Board of EIPLC comprise of 18 (eighteen) directors who possess a wide range of skills and experience over a range of 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 in the best interests of the stakeholders. The Directors are appointed by the shareholders in the Annual General Meeting (AGM).

Casual vacancies if any are filled by the Board in accordance with the stipulations of the Companies Act,

1994 and Articles 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 the Company seeking to achieve superior financial performance and long-term prosperity, while meeting stakeholder's expectation 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 EIPLC set 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 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.

Code of Conduct of the Board of Members

The Board of Directors of EICL is committed to the highest standards of conduct in their relationships with its employees, customers, members, shareholders, regulator and the public. A director of EIPLC 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 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.

Holding of Board Meetings

The meetings of the Board of Directors are held at the Registered and Corporate Head Office of the Company. Meeting is well scheduled 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 Members of the

Board are also free to recommend inclusion of any matter in the agenda for discussion. The Company Secretary and Chief Financial Officer always attends 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 System

The Board is responsible for ensuring that the Company has an adequate and effective control system in place. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the company's internal control system have been designed to provide the directors 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 EIPLC.

Audit Committee

Audit committee is one of the prime Sub-Committee of the Board of Directors, comprises of 04(four) Directors nominated by the Board of Directors. In compliance with the Corporate Governance Guideline issued by the BSEC, an Independent Director of the company has been appointed as Chairman of the Committee. The Chief Internal Audit & Control Officer has direct access to the Committee and the Committee directly reports to the Board. The activities of the Sub-Committee is run in accordance with the Terms of Reference approved by the Board and in compliance with Section 3.00 of the Securities and Exchange Commission Notification No.: SEC/CMRRCD/2006-158/207/Admin/80 dated- 3rd June, 2018 and subsequent changes thereon.

Functions of the Audit Committee

- To approve annual internal audit review activities and scope of such audit.
- To consider and review with the external and the internal auditors the adequacy of the Company's internal control, any related findings and recommendations of the internal auditors and the external auditors together with the management response.
- To review with the management and the external auditors the Company's annual financial statements

and related footnotes including external auditor's reports on the financial statements and any significant changes required by the external auditors in the statements prepared by the management.

iv. To review legal and regulatory matters that may have a material impact on financial statements, compliance, security or operations of the Company.

V. To conduct or authorize investigations into any matters within the committee's scope of responsibilities.

vi. To assist the Board in fulfilling its overall responsibilities including implementation of the objectives, strategies and overall business plans set by the Board for effective functioning of the Company.

vii. To review the arrangements made by the management for building a suitable Management Information System (MIS) including information technology system and its applications.

viii. To review the corrective measures taken by the management as regard to the reports relating to fraudulent forgery, deficiency in internal control or other similar issues detected by internal and external auditors and inspectors of the regulatory authorities.

ix. To review the activities and organizational structure of internal audit functions and ensure that non-justified restriction or limitation were made.

x. To do any other functions as the Board may require from time to time.

Human Capital

Eastland believes that human capital is a key factor for the Company's accomplishments. It is prime asset of the Company. It is the stock of competencies, knowledge and personality in the ability to perform jobs as to produce economic value to the Company. Human capital can be increased through education, training and experience. Eastland Insurance has the following policy to increase human capital:

1. Establish and administer transparent policies that enable Company to develop and implement opportunities of recruitment, promotion, remuneration, benefits, rewards and recognition system, transfer and training and performance management system without any regard to age, sex, race, political belief and religion.
2. Create a climate of trust and support within the Company which encourage the employees to work well together as a team and at the same time, to encourage them to be innovative and creative in order to achieve Company's goals.
3. Develop an effective internal communication and involvement mechanism which encourage employees to identify them with the Company and its activities.
4. Ensure that the employment opportunities conform to the established and acceptable practices of the country.
5. Ensure that there are proper manpower planning and forecasting system in place that there are enough people with the right skills and talents to meet Company's current and future growths and needs.

