

## CHAIRMAN'S LETTER ON CORPORATE GOVERNANCE

Dear Shareholder,

At aamra, we believe that good corporate governance is more than just an awareness and adherence to rules. It is about the Board setting clear expectations for conduct throughout the business, embracing difficult issues and being honest and open in our business dealings.

We monitor developments in corporate governance, both in nationally and internationally. We adopt emerging practice where it has the potential to enhance transparency and improve our business performance over the long term, whether or not it becomes mandatory.

A system of good governance keeps shareholder interests front of mind, and ensures a balanced outcome for stakeholders in general. Tone is always set from the top and an effective Board comprised with right composition, structure, processes and a clear understanding of its role maneuvering the Company towards right course. We have appropriate processes in place that are crucial for the effective functioning of our Board. They ensure efficient and balanced decision making, and guarantee a seamless information transfer, allowing the Board to perform its supervisory duty and to make decisions that are reserved for the Board.

In my role as independent, non-executive Chairman I provide leadership to the Board and make sure that it has an excellent collaboration with our Managing Director and the Senior Management. Leading the Board I ensure that the Board and its committees work effectively. I set the agenda, style and tone of the Board discussions, promote constructive debate and effective decision-making. I support and counsel our MD, while not interfering with the operational management of the Company.

Our corporate governance system consistently meets the best-practice standards as we continually strive to improve our leadership principles and practices that supports in protecting the interests of our shareholders, by creating long term and sustainable shareholder value. To achieve this, our governance is structured to address conflicts, align interests and allow for efficient and well-founded Board and management decisions.



Syed Faruque Ahmed  
Chairman



## REPORT ON CORPORATE GOVERNANCE

**"Good corporate governance is an indispensable requirement for sustainable corporate success"**

### Corporate Governance Philosophy

Corporate Governance is a set of policies, processes and procedures affecting the way a company is controlled and administered. It covers stakeholders, the relationship between them, the company and the strategic vision of the company. The stakeholders comprise shareholders, management, board of directors, employees, depositors, customers, creditors, suppliers, regulators and society at large.

The Company believes that principles of Corporate Governance belong to the foundation of transparency, fairness, accountability, compliance with the laws, required disclosures, professionalism, maximizing shareholders value. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

Company's philosophy of Corporate Governance represents the dual goals of protecting the interests of all stakeholders while respecting the duty of the board and management to oversee the affairs of the company and promote long-term growth and profitability.

### Corporate Governance Approach

aamra network's approach to governance, which has remained largely consistent over time, is to:

- promote the long term profitability of aamra network while prudently managing risk
- drive superior and sustainable shareholder value over the long term through the alignment of the interests of stakeholders and employee
- meet stakeholder expectations of sound corporate governance as part of aamra network's broader responsibility to clients, shareholders, investors and the community in which it operates.

aamra networks recognizes that a key factor in delivering long term shareholder returns is providing superior services to the clients. High standards in corporate governance are fundamental in maintaining ANL's one of the leading position within the ISP sector. Continuous review and adherence to strong corporate governance practices help enhance compliance levels according to standards and best practice. aamra networks (the Company/Company) shall continue its effort to enhance shareholders value, protect their interests and defend their rights by practicing the pursuit of excellence in corporate life. The Company shall not only comply with all statutory requirements including the Corporate Governance Code of the Bangladesh Securities and Exchange Commission and the regulations of the stock exchanges but also formulate and adhere to strong corporate governance practices.

### Corporate Governance Principle

The core corporate governance principles that regulate the relationships between aamra network's management, shareholders, employees and third parties (i.e. customers, legal authorities, suppliers, and all types of individuals and institutions which the Company does business with) are stipulated below.

#### Integrity

The Company is committed to the principle of integrity in its activities, operations and relationships with all of its stakeholders and other parties.

#### Credibility

Aware that customer confidence lies at the heart of business, aamra networks provides customers and all other stakeholders with clear, comprehensive and accurate information and offers timely and comprehensive services.

#### Non-discrimination

aamra networks refrains from anchoring prejudice against stakeholders based on gender, behavior, opinion or ethnic origin and does not discriminate against anyone under any condition or circumstance.

#### Compliance

aamra networks abides by all applicable laws, regulations and standards.

#### Transparency

Except for the information deemed commercial secret, the Company informs clients and the public at large thoroughly, accurately and promptly.

#### Statement of Compliance

aamra networks being a listed company in Dhaka Stock Exchange and Chittagong Stock Exchange is committed to maintain the highest standards of Corporate Governance. The adoption and implementation of corporate governance framework is the responsibility of the Board of Directors (Board), and this effort is in line with the policies of regulatory authorities and statutory requirements in Bangladesh. The Board has adopted a comprehensive framework of Corporate Governance Guidelines which are designed to properly balance performance and conformance and thereby allow the Company to undertake, in an effective manner, the prudent risk-taking activities which are the basis of its business. The Guidelines and the practices of the Company comply among other with the Guidelines issued by

the Bangladesh Securities and Exchange Commission (BSEC) vide its notification dated June 03, 2018, as well as the continuous compliance of listing regulations of stock exchanges.

#### Statement of Ethics

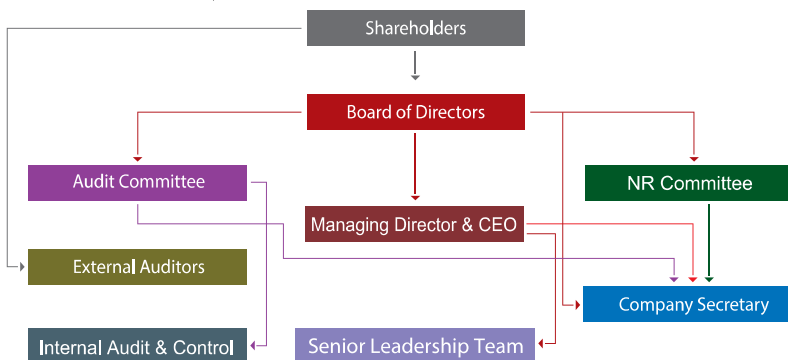
aamra networks ensures high standards of ethics and corporate behavior including transparency in the conduct of business. Understanding the client's expectation, aamra networks always concentrates on extended and fixing fair terms in favor of the client. The Management always have keen interest for setting and promoting ethical standard, ensuring compliance indicator and empowering to improve moral of the employees.

#### Bangladesh Securities and Exchange Commission's Notification on Corporate Governance

As aamra networks is listed on the Stock Exchanges in Bangladesh, we comply with the BSEC's notification on Corporate Governance. For the year ended June 30, 2021, we have complied with the relevant provisions set out in page [62-72] in this report.

#### Corporate Governance Framework

Good corporate governance practices are not just a matter for the Board but are at the heart of everything that we do within the Company. The Company operates within a comprehensive governance framework, which is outlined in the diagram below and set out in the report that follows.



#### Shareholders

The Company has only ordinary shares and strategic shares are held by the sponsors. All the shares of the Company are in dematerialized form and are freely tradable in both the stock exchanges except sponsor shares. Trading of sponsor shares are subject to compliance of relevant laws in this regard. As on June 30, 2021 the paid up capital of the Company was Tk. 562,236,810 subdivided into 56,223,681 ordinary shares of Tk. 10 each where the Sponsor Shareholders holding was 33.04%. At the end of 2021, there was 67% of free float of shares.

### General Meetings of shareholders

The decision-making rights of shareholders in aamra networks are exercised at shareholders' meetings. The AGM of aamra networks is held within the Dhaka City (registered address place of the Company), Bangladesh, during the last quarter of the year. Extraordinary General Meetings may be held at the discretion of the Board or, if requested, by shareholders owning at least 10% of the shares.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or through a proxy. In addition, the shareholder must have owning of shares on Record Date for attending the meeting. Decisions on ordinary businesses at the AGM's are usually taken on the basis of a simple majority.

### Annual General Meeting 2020

The 19th Annual General Meeting of the Company was held on December 29, 2020 at virtual platform. The total shareholders presence at the AGM was representing a total of 49.20% of the paid-up share capital and 49.20% voting rights. The Annual General Meeting is the company's supreme decision-making body. The shareholders in 19th AGM of the Company were unanimously resolved:

1. Adoption of audited financial statements of the company for the year ended 30 June 2020 and receives and considers the Auditors and Directors report.
2. Declare dividend of Tk. 1 per share
3. Re-elect Directors and
4. Reappoint Managing Director
5. Appoint Auditors and fix their remuneration

### Shareholder's right

A shareholder can appoint proxy for attending the meeting. In accordance with the provisions of the Companies Act, 1994, the Notice of the 20th Annual General Meeting along with Audited Accounts, Directors Report, and Proxy Card were sent to shareholders 21 days before the meeting. The notice also published in the national dailies. The AGM may, in principle, pass resolutions without regard to the number of shareholders present at the meeting or represented by proxy as the case may be. Resolutions generally require the approval of a simple majority of the votes represented at the meeting. The Shareholders of the Company will exercise their voting right in the 20th AGM in connection with resolving the following ordinary businesses:

1. Adoption of audited financial statements of the company for the year ended 30 June 2021 and receives and considers the Auditors and Directors report.
2. Declare dividend as recommended by the board
3. Re-elect Directors and
4. Appoint Auditors and fix their remuneration

Five members present in person or by proxy or any member or members holding not less than one-tenth of the issued capital which carries voting rights and the Chairman shall be entitled to demand a poll.

### Dividend Announcements

The Board of Directors of the Company has recommended 10% Stock Dividend for the financial year ended June 30, 2021, subject to the declaration by shareholders at the ensuing AGM. The stock dividend, if declared, will be distributed within 30 days of Meeting.

Record date for the purpose of Dividend and AGM

All the shares of the Company are in dematerialized form and to determine the entitlement of shareholders to attend the AGM and receive the Dividend, if any, for the year ended June 30, 2021, the Board of Directors has fixed the Record Date on November 21, 2021.

### Dividend Remittance

Dividend on Equity Shares as recommended by the Directors for the financial year ended June 30, 2021, when declared at the AGM will be distributed to all those equity shareholders whose names shall appear in the CDS Register as on November 21, 2021 (the record date). The stock dividend will directly to be credited to the beneficiary owner's account of the respective shareholders. After completion of disbursement an announcement will be made in its website informing the shareholders about the date of dividend disbursement.

### Board of Directors

#### Role of the Board

The Board is collectively responsible for the long term success of the Company. The role and responsibilities of the Board of Directors are set out in the Board Charter in addition to the responsibilities outlined in the Memorandum and Articles of Association. It attains this by:

- Setting the strategic direction and long-term goals of the Company and ensuring that adequate resources are available to meet these objectives and overseeing delivery against it;
- Approving and monitoring capital and financial plans to ensure that they are in line with the Company's strategic directions; the annual budget; the annual and interim financial statements; and capital expenditures and strategic acquisitions and divestments;
- Establishing a risk strategy and a framework for risks to be assessed and managed;
- Determining the culture, values and standards;
- Monitoring financial performance and deviations of the budgeted and the actual figures;
- Monitoring and reviewing management performance;
- Oversight of resources including people and other key resources and by ensuring that appropriate and effective remuneration policies and succession planning arrangements are in place;
- Ensuring that the necessary policies are in place to meet the strategic objectives and oversee effective implementation of the same.

### Composition of the Board

The Board composition is based on the Company's Articles of Association and guidelines of regulatory authorities in this regard. The Board represents a mix of high-level professional skills and expertise. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

As on June 30, 2021 the Board of aamra networks have 05 Directors, comprising three non-executive Directors, including the Chairman and one executive director and one independent director as defined under the Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission. Detailed profiles of the Directors have been discussed on page [28 ] of this annual report. Furthermore, in compliance with the corporate governance requirements, the Board Committees consist of members with adequate professional background and experience. The composition of Board of Directors as on June 30, 2021 is as follows:

| Non-executive Directors |   |                      |
|-------------------------|---|----------------------|
| i)                      | Syed Faruque Ahmed, Representing aamra holdings limited | Chairman             |
| ii)                     | Syeda Munia Ahmed, Representing aamra holdings limited  | Director             |
| iii)                    | Fahmida Ahmed, Representing aamra resources limited     | Director             |
| Independent Director    |   |                      |
| i)                      | Mahbub Mustafizur Rahman                                | Independent Director |
| Executive Director      |   |                      |
| i)                      | Syed Farhad Ahmed, Representing aamra resources limited | Managing Director    |

### Director's Independence

Other than Managing Director all directors in the Board are non-executive Director. The non-executive Directors are independent from management. Their role is to advise and constructively challenge management and monitor the success of management in delivering the agreed strategy within the risk appetite and control framework that is set by the Board. There are no such relationships or circumstances relating to any of the Directors, which might cause any of them not to be considered independent. The Board considers that its constitution brings an appropriate balance of experience and expertise in judging matters of strategy, performance, resources, internal controls and corporate governance. Their wide-ranging experience and particular areas of knowledge and expertise continue to add value to the deliberations of the Board. The Directors biographies appear on pages [28] illustrate that the Directors have a complementary range of financial, operational and entrepreneurial experience which ensures that

no single Director dominates in the decision making process.

### Term of Board Membership

As per the provisions of the Companies Act, 1994 and Articles of Association, one-third of the Board members (other than Executive Director and Independent Director) who are subject to retire by rotation, retire every year and approval of shareholders is sought for the re-appointment of such retiring members, if eligible. Election or re-election of a Director to shareholders shall be accompanied by a recommendation from the Nomination and Remuneration Committee and Board. Approval of shareholders was sought for appointment of Independent Director. As per Corporate Governance Guidelines, term of the Independent Director is for three years and upon completion of the term they are eligible for re-appointment by the shareholders for another one term for three years.

### Selection and Appointment of New Directors

Induction of any new member is the responsibility of the Board of Directors. The Board can exercise

its authority for appointing alternative director and additional director. While inducting a new member the Board considers existing composition and organization of the Board, and the requirement of new skill sets, if any, potentiality of the candidates in terms of expertise, skills, attributes, personal and professional backgrounds and ability to attend meetings. The person being appointed as an additional director shall retire in the immediate next Annual General Meeting (AGM) and may offer himself for re-appointment.

The Managing Director is also appointed by the Board subject to approval of the Shareholder. Any new appointment to the Board requires intimation to the Bangladesh Securities and Exchange Commission (BSEC) and Stock Exchanges.

Except for the Managing Director and Independent Director, Articles of Association of the Company requires that at least one-third of the Directors to retire by rotation in each year. They are, however,

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eligible for reappointment by the Shareholders in the Annual General Meeting (AGM).

#### **Induction, Business Awareness and Development**

Each new Director receives an induction presentation, an information memorandum and a personalized induction program. The induction presentation explains their responsibilities as a Director of the company and sets out an overview of the company and its businesses. The information pack gives details of the disclosures that Directors are required to make to comply with various laws and regulations. The Company Secretary along with other existing Directors conducts the induction presentation session.

#### **Meetings of the Board**

The Company plans and prepares the schedule of the Board and Board Committee meetings in advance to assist the Directors in scheduling their program. The schedule of meetings and agenda for meeting is finalized in consultation with the Chairman of the Company. The agenda of the meeting is pre-circulated with detailed notes and supporting documents.

Under Companies Act, the Board of Directors must meet at least four times a year. The Company held a minimum of one Board meeting in each quarter as required under the Companies Act, 1994. During the year under review the Board of aamra networks met 7 times.

#### **Attendance of Directors**

Details of Directors attendance at Board meetings and Committee meetings are given in page [60] of this annual report.

#### **Operating Principles of the Board of Directors**

A secretariat is present to inform and communicate with the members of the Board of Directors. The Board of Directors met 7 times during the year. Members of the Board of Directors make every effort to attend every meeting and to convey their opinions. The Chairman of the Board of Directors determines the agenda of the Board of Directors meetings in consultation with the other Board members and the Managing Director. Information and documents related to the matters on the meeting agenda are made available for the examination of the members of the Board of Directors sufficiently before the meeting. Members of the Board of Directors may make motions to the Chairman of the Board to amend the agenda prior to the meeting. Agenda are discussed openly and from every possible perspective at the Board of Directors meetings. The Chairman of the Board of Directors makes the best effort to ensure the active participation of the members in Board meetings. For a resolution to be passed by the Board of Directors, a quorum consisting

of three member's presence is necessary. A simple majority of the members in attendance is sufficient to adopt resolutions. Decisions of Board of Directors on the respective agenda items are recorded by the Company Secretary. The minutes of the meeting is signed by the Chairman and present it in the subsequent Board meeting for confirmation. If there be any dissenting votes regarding the resolution(s), the name of the member and reason are recorded in the minutes and dissenting reason also signed by the dissenting member(s).

Members of the Board of Directors are not participated in the discussion of matters concerning their personal benefit or the benefit of their relatives/related concern. In case such a matter becomes the subject of a Board discussion, the concerned member is required to inform the Board of his connection. The interested director is not counted in the quorum and the director remains silent while passing the resolution and the same is recorded in the minutes of that meeting.

In the course of Board and Committee meetings, the Managing Director, unit heads and key management personnel make presentations to the Board. The Board is updated on the discussions at the Committee meetings and their recommendations through the Chairman of the respective Committees.

#### **Post meeting follow-up mechanism**

The important decisions taken at the Board/Board Committees' meetings are communicated to the concerned departments/divisions promptly. An action taken/status report on the decisions of the previous meeting(s) is placed at the next meeting of the Board/Board Committees for information and further recommended action(s), if any.

#### **Conflict of Interest**

Directors are required to monitor continuously and disclose any potential conflicts of interest that may arise. Directors must:

- disclose any actual or potential conflicts of interest that may exist as soon as the situation arises;
- take necessary and reasonable steps to resolve any conflicts of interest within an appropriate period, if required by the Company's Board or deemed appropriate by that director;
- comply with the requirements of Companies Act 1994 about disclosing interests and restrictions on voting.

Any proposed board or executive appointments being considered by Directors must be discussed with the Chairman. Any related-parties transactions by Directors must be reported in writing to the Chairman and, where appropriate, raised for consideration at the next Board meeting.

### Material Contracts

Since the end of the previous financial year, no material contracts involving the interest of any director or controlling shareholder of the Company has been entered into by the Company and no such contract subsisted as at June 30, 2021, save as disclosed via stock exchanges and publications.

### Related Party Transactions

The Company has embedded procedures to comply with all regulations governing related party transactions. All new directors are briefed on all relevant provisions that affect them. All credit facilities to related parties are continually monitored. Checks are conducted before the Company enters into credit or other transactions with related parties to ensure compliance with regulations.

The details of related party transactions are discussed in detail in page no. 131 of this annual report. All related party transactions during the year, in the ordinary course of business or otherwise, were placed before the Board. All related party transactions were on arm's length basis.

### Dealings in securities

In conformance with the notification prescribed by Bangladesh Securities and Exchange Commission, aamra networks directors and employees are prohibited from trading in aamra networks securities two months before the end of the financial year to till approval of financials by the Board. In addition, directors and officers are prohibited at all times from trading in aamra networks securities if they are in possession of material non-public information. An Insider Trading Policy has been adopted by the Board to aware the Insiders before trading shares of aamra networks.

### Directors' Remuneration

The Directors do not get any performance based remuneration or incentive. The Board members get only fees for attending Board/Committee meetings to the maximum of Tk. 5,000 per meeting. The remuneration package of the Managing Director is determined by the Board which requires approval from the Shareholders.

The Managing Director is appointed for a period of five years during which the remuneration cannot be reviewed without the approval of the approval of the shareholders. Renewal is considered prior to the expiration of each term. The fixed compensation components are negotiated and determined at the time of appointment/renewal.

### Delegation of Authority

To assist the Board in carrying out its functions and to provide independent oversight of the internal control and risk management framework, a substantial part of the Board's responsibilities are delegated to the Board's Committees. These committees enable the Board to better carry out its stewardship and fiduciary responsibilities. Each of the Committees is chaired by an experienced Chairman and comprises Independent Non-Executive Members only. The Board is kept up to date on the activities of the Committees through reports from the Committee Chairmen at each board meeting.

In addition, the Board has delegated certain responsibilities to the Management on some matters within defined parameters. These include development and recommendation of strategic plans for consideration by the Board reflecting the long term objectives and priorities established by the Board, including implementation of the strategies and policies of the Company as determined by the Board; monitoring the operating and financial results against plans and budgets; monitoring business operations against objectives; prioritizing the allocation of capital, management and control of borrowing limits and treasury policy; technical and human resources and developing and implementing risk management systems and operation of Bank Account.

### Board Committees

The Board committees are formed and their members are appointed by the Board of Directors amongst the non-executive and Independent Directors. They are considered the high level link between the Board and the Senior Management. The objective of these committees is to assist the Board in supervising the actual operations of the Company, by reviewing any issues that are submitted by the Senior Management and making recommendations to the Board for their final review. The Board reserves the right to form temporary committees and discontinue them, from time to time as necessary. Furthermore, the members of the Board are provided with copies of the meeting minutes of the said committees as required by the regulators. In accordance with the Corporate Governance Code of BSEC the Board formed the following two committees;

- Audit Committee
- Nomination and Remuneration Committee

The Board also laid down specific roles and responsibility of the committees. Details of the Terms

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of Reference for Board Committees can be found in the Company's website and summary can be found later of this annual report.

#### **Audit Committee**

Audit Committee comprises with three non-executive Directors including one Independent Director who is also the Chairman of the Committee. The members of the Committee are elected by the Board. In 2020, the mandate of the Audit Committee was updated to include additional corporate governance responsibilities.

The committee among others is also responsible for:

- Assisting the Board in its oversight of (i) the integrity and reporting of the Company's quarterly and annual financial statements, (ii) compliance with legal and regulatory requirements; and (iii) the qualifications, independence and performance of the Company's internal and external auditors.
- Assisting the Board in fulfilling its statutory and fiduciary responsibilities with respect to internal controls, accounting policies, auditing and financial reporting practices.
- Overseeing performance of the Company's internal audit function, independent audits.
- Overseeing the Company's compliance with the rules of good corporate governance.

As per BSEC Notification, the members must meet at least 4 times in a year. The mandate of the Audit Committee provides further particulars on financial reporting processes, process improvements, and additional ethical and legal compliance overview responsibilities. The Head of Internal Audit and Control reports functionally to the Audit Committee and administratively to the Managing Director.

#### **Review of quarterly Financials:**

The Audit Committee reviewed quarterly, half yearly and annual financials of the Company prior to submission to the Board of Directors for approval. The review ensures that the financial reporting and disclosure are in compliance with the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable approved accounting standards such as IAS, IFRS etc.

In case of reviewing of the annual audited financial statements, the Audit Committee discussed with the Management and the statutory auditors regarding the accounting principles and standards that were applied and their judgment of the items that may affect the financial statements and after satisfying the Committee recommended to the Board for

approval.

#### **Nomination and Remuneration Committee**

Nomination and Remuneration Committee comprises with three non-executive Directors including one Independent Director who is also the Chairman of the Committee. The members of the Committee are elected by the Board. The mandate of the Nomination and Remuneration Committee requires it, among other things, to:

(i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
- b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

(ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;

(iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;

(iv) formulating the criteria for evaluation of performance of independent directors and the Board;

(v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and

(vi) developing, recommending and reviewing annually the company's human resources and training policies;

The Board may advise or modify or amend any decision of the committee. In all cases, the members of the committee must exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders.

#### **Members of the Board Committee**

As mentioned earlier, each Committee of the Board has been formed with specific Charter. The Charter defines the extent of the authority delegated to each Committee. The Charter, including the composition of the Committee, are reviewed and updated as and when necessary to ensure ongoing compliance. The Board is kept fully informed of the work of those Committees from time to time. The list of different Board Committees and its members



**Members of the Board Committee**

| Name of the Members      | Audit Committee | Nomination and Remuneration Committee |
|--------------------------|-----------------|---------------------------------------|
| Mahbub Mustafizur Rahman | Chairman        | Chairman                              |
| Syeda Munia Ahmed        | Member          | Member                                |
| Fahmida Ahmed            | Member          | Member                                |

is given hereunder:

**Disclosure of Directors' Remuneration**

Directors of the Company are not eligible for any remuneration other than the meeting attendance fee as prescribed by the articles of association or as fixed by the board. During the year under review, Board of Directors was eligible for attendance fee of Tk. 5,000 per meeting of Board, NR Committee and Audit Committee. Remuneration paid to the Managing Director and other directors is disclosed on page 127 of this Report.

**Setting out the Directors Responsibilities**

A separate statement as to the preparation and presentation of financial statements is given on page 55 of the Directors Report. A Management report on the operational review and segmental analysis of the Company is given on pages 53 of this Report.

Separate role of the Chairman & Managing Director Chairman of the Board and Managing Director of the Company are different persons. The responsibilities of the Chairman and the Managing Director are separate, thereby preventing unfettered powers of decision making on a single hand. The Chairman is a Non-executive Director while the Managing Director is an Executive Director.

**Role of the Chairman**

The Chairman is elected by the board from the non-executive directors. The Chairman is responsible for the overall leadership and efficient functioning of the Board of Directors. The Chairman of the Board is also responsible of maintaining a role in recommending the skills and experience that the Board should contain and exhibit, for its effective operation, encourage active engagement and participation by all members of the Board, promote the highest standards of corporate governance, ensure clear structure for the effective running of the Board Committees, ensure the long-term sustainability of the Company, set the Board's agenda, ensure that Directors receive accurate, timely and clear information to enable the Board to take sound decisions and to identify the development needs of the Board as a whole to enhance its overall effectiveness as a team.

**Role of the Managing Director**

The Managing Director is responsible for the day-to-day management, operations and administration of the company. He also responsible to implement, manage and administer corporate business strategy, ensure adherence to policies and procedures,

applicable regulations and laws, and monitoring exceptions and serious deviations, manage the overall human resources and skills/competencies pool to ensure the effective and efficient running of the company, represent the company with customers, suppliers, governments, financial institutions, the media, the community and the public. He is also accountable to the Board for the financial and operational performance of the company.

**Role of the Chief Financial Officer**

**The CFO plays four critical role as**

**Catalyst**

Catalyze behaviors across the organization to execute strategic and financial objectives while at the same time creating a risk intelligent culture

**Steward**

Protect and preserve the critical assets of the organization and accurately report on the financial position and operations to internal and external stakeholders

**Strategist**

Provide financial leadership in determining strategic business direction, M&A, financing, capital market and longer-term strategies vital to the future performance of the company

**Operator**

Balance capabilities, talent, costs and service levels to fulfill the finance organization's core responsibilities efficiently

**Role of the Company Secretary**

The Company Secretary is responsible for ensuring appropriate information flow within and to the Board, the Board Committees and between the senior management and non-executive directors. The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. The Company Secretary supports in designing and facilitating induction programs for new non-executive Directors and in putting together development program for Directors. The authority of the appointment of the Company Secretary is vested to the Board.

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### Role of the Head of Internal Audit and Control

The head of Internal Audit and Control is responsible for reporting to the Board Audit Committee regarding any deviation from accounting and internal control systems of the company. He is also responsible for ensuring regulatory compliance of the company. The authority of the appointment of the head of Internal Audit and Control is vested to the Board.

### Management

The senior management team is responsible for the day-to-day management of the Company entrusted to it by the Board. It is headed by the Managing Director, who is assisted by the Chief Financial Officer, Chief Operating Officer, General Managers, Company Secretary and Head of Departments. The biographies of the members of the senior management team are set out on page 30 of this Annual Report.

### Senior Leadership Team

The Team comprises of the top management of the Company including CFO, COO, CS, GMs, DGM, AGMs and assists the Board and Board Committees to achieve the organizational objective. The Team operates within the periphery of delegated authority from the Board and specific terms of reference. In fulfilling its principal responsibility for the day-to-day management of the Company, the senior management team is required to implement Board approved policies and effective controls, within the strategy and objectives set by the Board. The members of the SLT are appointed by the Managing Director.

### Appraisal of the Managing Director

The Managing Director is entrusted with the Management of the Company's operations and he is fully accountable to the Board. Performance of Managing Director including the top Management is assessed by the Board on yearly basis.

### Removal of the Managing Director

The Board is authorized to remove the Managing Director and fill the vacancy by having consent from the shareholders.

### Risk Management

The Risks Management Policy act as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage risks.

The risks are assessed by the senior executives of the Company and periodically reviews the robustness of the Risk Management Policies. The periodical update on the risk management practices and mitigation plan of the Company are presented to

the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved. The senior management team also ensure compliance of the respective policies approved by the Board.

### Internal Control

The Board has ultimate responsibility for establishing an effective system of internal control. It is designed to manage rather than eliminate the risk of failure to achieve the business objectives and to provide reasonable but not absolute assurance that assets are safeguarded against unauthorized use or material loss and those transactions are properly authorized and recorded. The internal control system embraces all business risks, including financial, operational and strategic risks. Accountability for managing risks is delegated to the senior management team who review and assess risk management matters as part of their business processes and risks controls and actions are regularly adjusted in response to the changing market environment.

### Major elements of the control environment are as follows:

- Regular Board meeting with comprehensive agenda dealing with all major aspects of business;
- Regular Board Committee meeting to discuss issues as clearly defined in their charter;
- Regular SLT meetings with specific issues relating to operation of the Company;
- An established management structure and delegation of authorities with job descriptions for each division and section;
- Defined operating guidelines and procedures with authorization limits at appropriate levels;
- An internal audit department directly reporting to the Board Audit Committee in compliance with procedures and authority limits;
- A comprehensive annual budgetary system with ultimate approval by the Board;
- Accounting and operational manuals;
- Review and analysis of fund position on daily basis;
- Well defined policies relating to personnel issues;
- A comprehensive financial reporting system including actual performance with budget.

### Standards Issued by ICSB

The Institute of Chartered Secretaries of Bangladesh (ICSB) has issued 'Secretarial Standards' on key corporate functions like Board Meetings and General Meetings. These standards are followed by the Company.

Report on Corporate Governance continued...

#### **MD and CFO certification**

Certification as required under the Corporate Governance Notification has provided by Syed Farhad Ahmed, Managing Director and Md. Anamul Haque, CFO of the Company and it can be found on page 107 of this annual report.

#### **Appointment of Compliance Auditor**

According to BSEC Notification dated June 03, 2018 on Corporate Governance the company is required to obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines. In compliance with the above Notification K.M. Hasn & co., practicing Chartered Accountants firm has been appointed to conduct compliance audit in this regard.

#### **Auditors' Certificate on Corporate Governance**

The Auditors' certificate on compliance of Corporate Governance Notification can be found in page 73 of this Annual Report.

#### **Appointment of Statutory Auditors**

The Auditor is appointed by the shareholders in the AGM. Based on the recommendation of the Audit Committee, the Board of Directors recommends to the Shareholders for appointment of Auditors. The remuneration of the Auditors is also fixed by the shareholders in the AGM. As per BSEC's Order an Auditor cannot be appointed for more than three consecutive years.

#### **Independence of Statutory Auditors**

The Company's statutory auditors are prohibited from non-audit services as prescribed by the Bangladesh Securities and Exchange Commission vide its Notification dated 03 June 2018. Tax and other professional services of the Company are conducted by separate professional Firms to ensure the Auditors' independence. K.M. Hasan & Co., Chartered Accountants retains for company taxation services on the other hand Syed Ishtiaq Ahmed and associates provides legal services to the Company. If there is uncertainty as to whether a matter falls within the permitted services, the matter is referred to the Head of Internal Audit and Control, the Chief Financial Officer and the Company Secretary who will consult with the Audit Committee.

#### **Accounting Treatment**

In the preparation of financial statements, the Company has followed the Accounting standards as prescribed

under the Companies Act 1994, Securities and Exchange Rules, IAS. The Accounting Policies followed by the Company, to the extent relevant, are set out elsewhere in this Annual Report.

#### **Budgetary Process**

Each year, the Board approves the annual budget. Performance is monitored and relevant actions are taken throughout the year through quarterly reporting to the Board on variances from the budget, together with information on key operational areas.

#### **Means of Communication**

Interim and final financial results are communicated to the concern regulators within the stipulated time line and also published in two national daily newspapers, one in Bangla and another in English and in online publications. Audited final financial statements along with Directors' report and notice of the AGM are sent to the respective shareholders email address. All the financial results are also posted in the company's website at [www.aamranetworks.com](http://www.aamranetworks.com)

#### **Price Sensitive Information**

Price Sensitive Information means any such information which if published, may influence market price of the concerned security. According to the guideline, price sensitive information is disseminated within 30 minutes of the decision or immediately upon getting such information to the BSEC and the Stock Exchanges. Besides, the price sensitive information also published in two widely circulated national daily newspapers, one in Bangla and the other in English and also in online newspaper.

**Website:** The basic information about the company is provided on the Company's website and the same is updated regularly. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time.

Annual Report: Annual Report containing, inter alia, Audited Financial Statements, Directors' Report, Auditors' Report, Notice of AGM and other important information is circulated to members and others entitled thereto.

#### **AGM Minutes Submission**

In accordance with the requirement of regulatory authority minutes of the Annual General Meeting are submitted to the respective regulators within the stipulated time line.

Report on Corporate Governance continued...

#### Communication with Shareholders

The investor relations activities of the Company are designed to provide a balanced level of communication between the Company and its stakeholders. Established procedures are in place to ensure timely release of price sensitive information. The Company also publishes its quarterly, half yearly and annual results within the time periods stipulated by the Bangladesh Securities and Exchange Commission, Stock Exchanges.

The announcements and other important information are posted in the Company's website. The website also contains corporate information which is updated on a regular basis and includes a corporate governance section which contains details of the Company's adherence to the Code and the full terms of reference of the Board and its Committees.

#### Environmental and Social Compliance

aamra networks recognizes that it is part of a wider community of shareholders, customers, suppliers, employees and other stakeholders and recognizes that the Company has a responsibility to act in a way that respects the environment. It is the policy of aamra networks, so far as is reasonably practical, to protect and conserve the local and wider environment from any adverse impacts caused by its operations.

#### Recycling and waste reduction

Recycling is implemented where possible in relation to paper, glass and residual waste. Printing is carried out through central printers in order to reduce paper waste.

#### Health and safety

The Company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation.

#### Transportation

Transport pools are regularly monitored and maintained properly with an objective to ensure reducing of carbon emission. Drivers are asked to conserve their speed as this is more energy efficient and ensure prevention of accident.

#### Social

aamra networks always encourage its clients and vendors to comply with relevant legislation to ensure environmental issues and before establishing business relations, properly scrutinize to ensure that the client may not have any direct/indirect influence in terrorist financing activities.

#### Review of Governance Practices

It has been attempted in this Report to present the governance practices and principles being followed at aamra networks, as evolved over the years, and as best suited to the needs of the Company's business and stakeholders. Disclosures and governance practices are continually revisited, reviewed and revised to respond to the needs of business and ensure that the standards are at par with the globally recognized practices of governance, so as to meet the expectations of all our stakeholders.