

# REPORT ON CORPORATE GOVERNANCE COMPLIANCE

[As per condition No. 1(5) (xxvii)]

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/ Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

## (Report under Condition No. 9)

Condition No.	Title	Status Complied	Remarks
1.00	<b>Size of Board of Directors</b>		
1.1	The number of the Board members should not be less than 5 (five) and more than 20 (twenty)	√	The PCML Board comprised of 8 Directors
1.2	<b>Independent Directors</b>		
1(2) (a)	At least one fifth (1/5) of the total number of Directors in the Company's Board shall be Independent Directors. any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	√	There are three Independent Directors (ID) namely Mr. Mahfuzur Rahman ,Mr. Fakhrul Islam and Mr. A.K.M. Delwer Hussain, FCMA
1(2) (b)(i)	Does not hold any share or holds less than 1% of shares.	√	The Independent Directors have declared their compliances / does not hold any shares
1(2) (b)(ii)	Not connected with any sponsor/ Director/ Nominated Director, shareholder any of its associates, sister concerns, subsidiaries and parents or holding entities who hold 1% or more shares of the total paid-up shares on the basis of family relationship.	√	Independent Director is not connected
1(2) (b)(iii)	Not an executive of the company in immediately preceding 2 (two) financial years.	√	<b>Complied</b>
1(2) (b)(iv)	Not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies.	√	Independent Director have no relationship
1(2) (b)(v)	Not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√	<b>Complied</b>
1(2) (b)(vi)	Not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√	<b>Complied</b>
1(2) (b)(vii)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√	<b>Complied</b>
1(2) (b)(viii)	Not independent director in more than 5 (five) listed companies;	√	<b>Complied</b>

Condition No.	Title	Status Complied	Remarks
1(2) (b)(ix)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI).	√	<b>Complied</b>
1(2) (b)(x)	Not been convicted for a criminal offense involving moral turpitude.	√	<b>Complied</b>
1(2) (c)	Nominated by the Board of Directors and approved by the shareholders in the AGM.	√	Mr. A.K.M. Delwer Hussain, FCMA is Nominated and waiting for the approval.
1(2) (d)	Not remain vacant for more than 90 (ninety) days.	√	There has been no vacancy in the position of Independent Directors
1(2) (e)	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.	√	-
1.3	<b>Qualification of Independent Director</b>		
1 (3)(a)	Knowledge of Independent Directors	√	Sufficiently knowledgeable
1 (3)(b)(i)	Business Leader	√	Mr. Mahfuzur Rahman is a business advisor of TK. Group.
1 (3)(b)(ii)	Corporate leader	N/A	
1 (3)(b)(iii)	Former official of Government	√	Mr. Fakrul Islam former secretary of <b>Government</b> .
1 (3)(b)(iv)	University Teacher	N/A	-
1 (3)(b)(v)	Professional	√	Mr. A.K.M. Delwer Hussain , FCMA
1 (3)(c)	have at least 10 (ten) years of experiences in any field mentioned in clause (b)	√	-
1 (3)(d)	Special cases for qualifications	N/A	-
1.4	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>		
1 (4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√	-
1 (4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√	-
1 (4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√	<b>Complied</b>
1 (4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	√	-
1 (4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√	-
1.5	<b>The Directors' Report to Shareholders</b>		
1(5)(i)	Industry outlook and possible future development.	√	-
1(5) (ii)	Segment-wise or product-wise performance.	√	-
1(5) (iii)	Risks and concerns.	√	-
1(5) (iv)	Discussion of Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√	-

Condition No.	Title	Status Complied	Remarks
1(5) (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√	No extraordinary gain or loss experienced during the period.
1(5) (vi)	Basis for related party transactions	√	-
1(5) (vii)	Utilization of proceeds raised through public issues, right issues and/or through any others.	√	-
1(5) (viii)	Explanation if the financial result deteriorates after the Company goes for IPO, RPO, Rights Offer, and Direct Listing.	N/A	-
1(5) (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements.	√	-
1(5) (x)	Remuneration to Directors including independent Directors.	√	<b>Complied</b>
1(5) (xi)	Fairness of Financial Statements.	√	Mentioned in "Directors' Declaration".
1(5) (xii)	Maintenance of proper books of accounts.	√	Do
1(5) (xiii)	Adoption of appropriate accounting policies and estimates.	√	Do
1(5) (xiv)	Followed IAS, IFRS and BFRS in preparation of Financial Statements.	√	Do
1(5) (xv)	Soundness of internal control system.	√	Do
1(5) (xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.	√	Do
1(5) (xvii)	Ability to continue as a going concern.	√	-
1(5) (xviii)	Significant deviation from the last year's operating results.	√	-
1(5) (xix)	key operating and financial data of at least preceding 5 (five) years.	√	-
1(5) (xx)	Reason for not declared dividend.	N/A	-
1(5) (xxi)	No bonus share or stock dividend has been declared as interim dividend.	√	-
1(5) (xxii)	Number of Board meetings held during the year and attendance.	√	-
1(5) (xxiii)	<b>Pattern of shareholding.</b>		
1(5) (xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties.	√	-
1(5) (xxiii)(b)	Directors, CEO, CS, CFO, HOIA and their spouses and minor children.	√	-
1(5) (xxiii)(c)	Executives.	√	-
1(5) (xxiii)(d)	10% or more voting interest.	√	-
1(5) (xxiv)	<b>Appointment /Reappointment of a director</b>		
1(5) (xxiv) (a)	Resume of the Directors.	√	-
1(5) (xxiv) (b)	Expertise in specific functional areas.	√	-
1(5) (xxiv) (c)	Holding of Directorship and Membership in Committee of the Board other than this Company.	√	-
1(5) (xxv)	<b>Management's Discussion and Analysis</b>		
1(5) (xxv) (a)	Accounting policies and estimation for preparation of financial statements.	√	-
1(5) (xxv) (b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes.	√	Do

Condition No.	Title	Status Complied	Remarks
1(5) (xxv) (c)	Comparative analysis of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years.	√	Do
1(5) (xxv) (d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario.	√	Do
1(5) (xxv) (e)	Explain the financial and economic scenario of the country and the globe.	√	Do
1(5) (xxv) (f)	Risks and concerns issues related to the financial statements	√	Do
1(5) (xxv) (g)	Future plan or projection or forecast for company's operation, performance and financial position.	√	Do
1(5) (xxvi)	Declaration by the CEO and the CFO.	√	Do
1(5) (xxvii)	The report as well as certificate regarding compliance of Corporate Governance .	√	Do
1.6	<b>Meeting of the Board of Directors</b>	√	
1.7	<b>Code of Conduct for the Chairperson, other Board members and CEO</b>		
1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee	√	There is a written code of Conduct and the chair, other Board members & CEO are obliged to comply with
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the company	√	The Code of Conduct is available on the website of the Company
2	<b>Governance of BoD of subsidiary company</b>		
2(a)	Composition of the Board of Directors	√	-
2(b)	At least 1 (one) independent Director on the board of the holding company shall be a director on the board of the subsidiary Company	√	Complied
2(c)	Submission of Minutes to the holding Company.	√	-
2(d)	Review of Minutes by the holding Company	√	-
2(f)	Review of Financial Statements by the holding Company	√	-
3	<b>Appointment of MD or CEO,CFO, HIAC and CS</b>		
3 (1) (a)	The Board appoint MD, CFO, HIAC and CS	√	
3 (1) (b)	The positions of MD, CFO, HIAC and CS were filled by different individuals.	√	
3 (1) (c)	MD, CFO, HIAC and CS of the company are not hold any executive position in any other company as the same time	√	The MD,CS,CFO and HIAC have declared their compliances
3 (1) (d)	Board clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS	√	In practice
3 (1) (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s)	√	In practice
3 (2)	The MD or CEO,CS,CFO and HIAC of the company shall attend the meetings of the Board	√	Do
3 (3)	<b>Duties of MD or CEO and CFO</b>		
3 (3) (a)	MD and CFO certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge	√	In practice

Condition No.	Title	Status Complied	Remarks
3 (3) (a) (i)	Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	√	In practice
3 (3) (a) (ii)	Financial statements together present a true and fair view.	√	In practice
3 (3) (b)	The MD or CEO and CFO certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members.	√	In practice
3 (3) (c)	The certification of the MD or CEO and CFO are disclosed in the Annual Report.	√	Given on page no 103 of the Annual Report
4	<b>Board of Directors' Committee:---</b>		
4 (i)	Audit Committee	√	Already in place.
4 (ii)	Nomination and Remuneration Committee	√	Already in place.
<b>5</b>	<b>Audit Committee</b>		
5 (1) (a)	The company have an Audit Committee as a subcommittee of the Board	√	Audit committee is established as per BSEC guidelines
5 (1) (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√	In practice
5 (1) (c)	The Audit Committee are responsible to the Board; the duties of the Audit Committee are clearly set forth in writing	√	The duties of the Audit Committee are clearly defined in the Board approved Audit Committee charter as per BSEC guidelines
<b>5.2</b>	<b>Constitution of the Audit Committee</b>		
5 (2) (a)	The Audit Committee shall be composed of at least 3 (three) members;	√	Audit Committee comprised of 3 (Three) members
5 (2) (b)	The Board shall appoint members of the Audit Committee	√	Non-executive Directors are Appointed by the Board and which includes two Independent Directors.
5 (2) (c)	Qualification of Audit Committee members	√	All the members are qualified as per BSEC's CG Code.
5 (2) (d)	The committee not vacant more than 01 (one) Month.	√	-
5 (2) (e)	The company secretary shall act as the secretary of the committee	√	Complied
5 (2) (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	√	In practice
<b>5 (3)</b>	<b>Chairperson of the Audit Committee</b>		
5 (3) (a)	Board of Directors shall select the Chairman.	√	The Chair of the Audit Committee is an Independent Director
5 (3) (b)	Chairman of the Meeting	√	The reason for the absence of the Audit Committee Chair was duly recorded in the minutes
5 (3) (c)	Chairman of the Audit Committee shall remain present in the AGM.	√	In Practice
<b>5 (4)</b>	<b>Meeting of the Audit Committee</b>		
5 (4) (a)	At least four (4) meeting	√	There were four (4) meeting held during the reporting period
5 (4) (b)	Quorum of the Audit Committee	√	

Condition No.	Title	Status Complied	Remarks
<b>5 (5)</b>	<b>Role of Audit Committee</b>		
5 (5)(a)	Oversee the financial reporting process	√	The Audit committee performs as per BSEC's guidelines
5 (5)(b)	Monitor choice of accounting policies and principles	√	Following as per BSEC's guidelines
5 (5)(c)	Monitor Internal Audit and Compliance process	√	In practice
5 (5)(d)	Oversee hiring and performance of external Auditors	√	In practice
5 (5)(e)	Meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption	√	In practice
5 (5)(f)	review along with the management, the annual financial statements before submission to the Board for approval	√	In practice
5 (5)(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval	√	In practice
5 (5)(h)	Review the adequacy of internal audit function	√	In practice
5 (5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report	√	In practice
5 (5)(j)	Review statement of all related party transactions submitted by the management;	√	In practice
5 (5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√	In practice
5 (5)(L)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors	√	In practice
5 (5) (m)	Oversee about the uses/ applications and funds raised by IPO/ RPO/Right issue	√	No IPO/RPO/Right issue was made in the financial year 2020-21
<b>5 (6)</b>	<b>Reporting of the Audit Committee</b>		
5 (6) (a) (i)	The Committee shall report on its activities to the Board.	√	In practice
5 (6) (a) (ii)	Reporting to the Board of Directors	√	Do
5 (6) (a) (ii) (a)	Report on conflicts of interests	√	No such incident occurred
5 (6) (a) (ii) (b)	Suspected or presumed fraud or irregularity or material defect identified in the internal control systems	√	
5 (6) (a) (ii) (c)	Infringement of laws, regulatory	√	
5 (6) (a) (ii) (d)	Any other matter	√	
5 (6) (b)	Reporting to the Authorities	√	-
5 (7)	Reporting to the Shareholders and General Investors	√	Report of Audit Committee are reported on Page No 99
<b>6.00</b>	<b>Nomination and Remuneration Committee (NRC)</b>		
6 (1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board	√	NRC is established as per BSEC guidelines
6 (1) (b)	Assistance to the Board to formulation of the policy.	√	In Practice
6 (1) (c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b)		The duties of the NRC are clearly defined in the Board approved Audit Committee charter as per BSEC guidelines
6 (2)	<b>Constitution of the NRC</b>		
6 (2) (a)	The Committee shall comprise of at least three members including an independent director	√	NRC comprise to One 1 chairman (ID) three (3) Members and three (3) advisors, 1(one) secretary.

Condition No.	Title	Status Complied	Remarks
6 (2) (b)	All members of the Committee shall be non-executive directors	√	All members of NRC are Non-executive directors ,
6 (2) (c)	Members of the Committee shall be nominated and appointed by the Board	√	All members of the NRC are appointed by the Board
6 (2) (d)	The Board shall have authority to remove and appoint any member of the Committee	√	-
6 (2) (e)	Not remain vacant for more than 180 (one hundred eighty) days	√	No such case in the reporting year
6 (2) (f)	Appointment of Advisors/expert/consultant suggested by Chairperson of the Committee.	√	Appointment of an advisor suggested by Chairperson of the Committee.
6 (2) (g)	Secretary of the Audit Committee.	√	Complied
6 (2) (h)	Quorum of NRC meeting	√	-
6 (2) (i)	Remuneration or others free	√	No member have get any Remuneration other than Directors fees or honorarium from the company
<b>6 (3)</b>	<b>Chairperson of the NRC</b>		
6 (3) (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director	√	The Chair of the NRC is an ID
6 (3) (b)	In case of absence of any meeting	√	No such case in the reporting year
6 (3) (C)	Chairman of the NRC shall remain present in the AGM.	√	
<b>6 (4)</b>	<b>Meeting of the NRC</b>		
6 (a)	At least one (01) meeting	√	One (1) meeting was held during the reporting period
6 (b)	Any emergency meeting upon request by any member of the NRC	None	No such case happened in the reporting year
6 (c)	Quorum of the NRC	√	In Practice
6 (d)	Recorded Minutes and minutes shall be confirmed in the next meeting of NRC	√	In Practice
<b>6 (5)</b>	<b>Role of the NRC</b>		
6 (5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders	√	The NRC performs as per BSEC'S guidelines
6 (5) (b) (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	√	In Practice
6 (5) (b) (i) (a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully	√	Do
6 (5) (b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	√	Do
6 (5) (b) (i) (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	√	Do
6 (5) (b) (ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality	√	Do
6 (5) (b) (iii)	Identifying persons who are qualified to become directors and top level executive.	√	Do

Condition No.	Title	Status Complied	Remarks
6 (5) (b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board	√	In Practice
6 (5) (b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria	√	Do
6 (5) (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies	√	In Practice
6 (5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√	Given on page 100 of the Annual Report
<b>7.00</b>	<b>External or Statutory Auditors</b>	√	
7 (1) (i)	Appraisal or valuation services or fairness opinions	√	As declared by Auditors
7 (1) (ii)	Financial information systems design and implementation	√	Do
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statements	√	Do
7 (1) (iv)	broker-dealer services	√	Do
7 (1) (v)	actuarial services	√	-
7 (1) (vi)	internal audit services or special audit services	√	Do
7 (1) (vii)	any service that the Audit Committee determines	√	Do
7 (1) (viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);	√	Do
7 (1) (ix)	any other service that creates conflict of interest	√	Do
7 (2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√	The external audit have declared their compliances
7 (3)	Representative of the statutory auditors shall remain present in the AGM.	√	The representative of external auditors attended in the 19 <sup>th</sup> AGM held on 26 December 2021
<b>8.00</b>	<b>Maintaining a website by the Company</b>	√	
8 (1)	The company shall have an official website linked with the website of the stock exchange	√	Do
8 (2)	The company shall keep the website functional from the date of listing	√	In Practice
8 (3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange	√	In Practice
<b>9.00</b>	<b>Reporting and Compliance of Corporate Governance</b>	√	
9 (1)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines	√	Page No. 104
9 (2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting	√	Shafiqul Alam & Co., Chartered Accountants Provides the Certification of Corporate Governance Code.
9 (3)	Annexure attached in Director's report	√	Do