INTRODUCTION
The Board of Directors of the Company is committed towards maintaining good corporate governance whilst pursuing its corporate objectives to enhance long term shareholder value and sustainable growth. In addition to the requirements outlined in the Listing Rules of the Colombo Stock Exchange (CSE) and other relevant regulations, the Company complies with Dialog's Code of Corporate Governance, which is an internally developed code, based on international corporate governance principles and best practices and is applicable to the Group and governs the activities of the Board, how the Group conducts its business operations, its relationships with all of its stakeholders while providing for accountability and sound internal control systems.

The Board confirms that the Company is compliant with the requirements stipulated in the Code, the Rules on Corporate Governance contained in the Listing Rules of the CSE and the requirements stipulated in the Companies Act, No. 7 of 2007. This report outlines the Corporate Governance framework, application and practice within the Group for the year 2019.

1. THE BOARD
The Company’s business and Group operations are managed under the supervision of the Board. The role of the Board includes:

- Providing entrepreneurial leadership to the Group;
- Providing strategic guidance and evaluating, reviewing and approving corporate strategy and the performance objectives for the Company;
- Approving and monitoring financial and other reporting practices adopted by the Group;
- Effectively reviewing and constructively challenging management performance in meeting the agreed goals, monitoring the reporting of performance and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives.

The composition of the Board of Directors as at 31 December 2019, was as follows:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Date of Appointment to the Board</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datuk Azzat Kamaludin</td>
<td>21 July 2008</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mr. Supun Weerasinghe</td>
<td>1 January 2017</td>
<td>Group Chief Executive Officer/Director</td>
</tr>
<tr>
<td>Dr. Hans Wijayasuriya</td>
<td>19 January 2001</td>
<td>Non-Independent, Non-Executive Director</td>
</tr>
<tr>
<td>Mr. Mohamed Muhsin</td>
<td>14 June 2006</td>
<td>Independent, Non-Executive Director</td>
</tr>
<tr>
<td>Mr. James Maclaurin</td>
<td>10 May 2011</td>
<td>Independent, Non-Executive Director</td>
</tr>
<tr>
<td>Deshamanya Mahesh Amalean</td>
<td>15 May 2014</td>
<td>Independent, Non-Executive Director</td>
</tr>
<tr>
<td>Mr. Dominic Paul Arena¹</td>
<td>1 June 2016</td>
<td>Non-Independent, Non-Executive Director</td>
</tr>
<tr>
<td>Mr. Willem Timmermans</td>
<td>10 May 2017</td>
<td>Non-Independent, Non-Executive Director</td>
</tr>
<tr>
<td>Dato’ Mohd Izzaddin Idris</td>
<td>9 August 2018</td>
<td>Non-Independent, Non-Executive Director</td>
</tr>
<tr>
<td>Mr. Vivek Sood</td>
<td>16 February 2019</td>
<td>Non-Independent, Non-Executive Director</td>
</tr>
</tbody>
</table>

Table 1 – Composition of the Board as at 31 December 2019

¹ Resigned with effect from 13 May 2020

The profiles of each Director are found on pages 18 to 22 of this Report.
Composition and Balance of the Board

As at 31 December 2019, the Board comprised of 10 directors, of which 09 are non-executive directors and 01 is an executive director, who is also the Group Chief Executive Officer (“GCEO”). The composition mix of the executive and non-executive directors satisfies the requirements of the Listing Rules of the CSE.

The non-executive directors provide a considerable depth of knowledge collectively gained from experiences, whilst serving in a variety of public and private companies in various industries. The Board includes five qualified Chartered Accountants who provide the Board with the requisite financial acumen and knowledge on financial matters.

The Board considers that the composition and expertise of the Board are sufficient to meet the present needs of the Group, but will continue to review the composition and the mix of skills and expertise on an ongoing basis to align it to the business needs and complexity of the Group’s operations.

Board Independence

Based on the declarations made annually by each of the non-executive directors in accordance with the requirements set out in the Listing Rules of the CSE, Deshamanya Mahesh Amalean and Mr. James Maclaurin are considered independent. Furthermore, the Board considers Mr. Mohamed Muhsin as ‘independent’, given his objective and unbiased approach to matters of the Board notwithstanding that he has completed more than 9 consecutive years. These directors are independent of management and free from any business or other relationship, which could materially interfere with the exercise of their judgment.

The Board considers the other 06 non-executive directors, namely Datuk Azzat Kamaludin, Dr. Hans Wijayasuriya, Mr. Dominic Paul Arena, Mr. Willem Timmermans, Dato’ Mohd Izzaddin Idris and Mr. Vivek Sood as non-independent, as they are nominees of Axiata Group Berhad, the major shareholder of the Company.

Division of Responsibilities

The roles of the Chairman and the GCEO are separate with a clear distinction of responsibilities between them, which ensures the balance of accountability and authority between the running of the Board, and the executive responsibility for the running of the Group’s businesses.

The role of the Chairman, Datuk Azzat Kamaludin, is to provide leadership to the Board, for the efficient organisation and conduct of the Board’s function, and to ensure the integrity and effectiveness of the relationship between the non-executive and executive director(s).

The role of the GCEO, Mr. Supun Weerasinghe, is to implement policies and strategies approved by the Board, and develop and recommend to the Board the business plans and budgets that support the Group’s long-term strategy and vision that would lead to the maximisation of shareholder value.

Board Meetings and Attendance

The Board meetings for each financial year are scheduled in advance to enable the directors and management to plan accordingly and fit the year’s Board meetings into their respective calendars. The Board’s annual meeting calendar (including Board meetings and Board Committee meetings) is prepared with the consensus of all directors and is tabled at the Board meeting in the fourth quarter of each preceding year.

To ensure that Board meetings are conducted effectively and efficiently, the time allocation for each agenda item is determined in advance. Members of the management and external advisors are invited as and when required to attend Board meetings to present proposals and provide further clarity to the Board.

The Board meets quarterly with a view to discharging its duties effectively. In addition, special Board meetings are also held whenever necessary to deal with specific matters. A total of 07 meetings were
Corporate Governance Report

held in 2019, which included 03 special meetings. The attendance of directors at these meetings is set out in the table below:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datuk Azzat Kamaludin</td>
<td>7/7</td>
</tr>
<tr>
<td>Mr. Supun Weerasinghe</td>
<td>7/7</td>
</tr>
<tr>
<td>Dr. Hans Wijayasuriya</td>
<td>7/7</td>
</tr>
<tr>
<td>Mr. Mohamed Muhsin</td>
<td>7/7</td>
</tr>
<tr>
<td>Mr. James Maclaurin</td>
<td>7/7</td>
</tr>
<tr>
<td>Deshamanya Mahesh Amalean</td>
<td>7/7</td>
</tr>
<tr>
<td>Mr. Dominic Paul Arena</td>
<td>7/7</td>
</tr>
<tr>
<td>Mr. Willem Timmermans</td>
<td>7/7</td>
</tr>
<tr>
<td>Dato’ Mohd Izzaddin Idris</td>
<td>7/7</td>
</tr>
<tr>
<td>Mr. Vivek Sood ¹</td>
<td>6/6</td>
</tr>
</tbody>
</table>

Table 2 –Board meeting Attendance
¹ Appointed with effect from 16 February 2019.

► Access to Information
To enable the Board to make informed decisions, the Board is supplied with complete and adequate information in advance of each meeting, which includes an agenda, minutes, board papers with background or explanatory information, financial and operational performance reports. The Board also receives regular review reports and presentations on business development, risk profiles and regulatory updates. Any additional information may be requested by any director as and when required.

The Board has separate and independent access to the Group’s Senior Management. All Directors have access to the advice and services of the Group Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

The directors, especially non-executive directors, have access to independent professional advice in the course of fulfilling their responsibilities, at the Company’s expense.

► Professional Development and Performance Evaluation
The directors are provided with the opportunity to update and enhance their skills and knowledge through training conducted by both external and in-house facilitators, and are periodically briefed on changes to relevant laws, regulations and accounting standards which impact the Group’s business and the directors.

The Nominating and Remuneration Committee (NRC) is responsible for evaluating the Board’s performance and decides how the Board’s performance may be evaluated and also proposes the objective criteria.

► Delegation of Authority and Board Committees
Other than the matters reserved for the Board, the Board has adopted a Group Policies and Limits of Authority (LOA) framework applicable to the Group, by which the Board has delegated authority to its Board Committees and management. The Group Policies state the principles and set out the tone by which business is to be conducted, whereas the primary purpose of the LOA is to set out clear guidance to management as to the matters over which the Board reserves authority and those which it delegates to management. The LOA has established a sound framework of authority and accountability, which facilitates timely, effective and quality decision-making at the appropriate level.

The Board is supported by the following Board Committees which have been delegated with certain specific responsibilities -
1. Board Audit Committee
2. Nominating and Remuneration Committee
3. Related Party Transactions Review Committee
4. Capital Investment and Procurement Management Committee
All Board Committees have written Terms of Reference approved by the Board and the Board receives reports of their proceedings and deliberations. In instances where Committees have no authority to make decisions on matters reserved for the Board, recommendations are highlighted for approval by the Board. The Chair Persons of each of the Board Committees report the outcome of the Committee meetings to the Board and the relevant decisions are incorporated in the minutes of the Board meetings. The Group Company Secretary acts as secretary to all Board Committees.

A brief description of each Board Committee is provided below:

a) **Board Audit Committee (BAC)**
The BAC ensures that the Group complies with applicable financial standards and laws. In addition, it ensures high standards of transparency and corporate disclosure and endeavours to maintain appropriate standards of corporate responsibility, integrity and accountability to the shareholders. The appointed members of the BAC are required to exercise independent judgment in carrying out their functions. The activities conducted by the BAC are set out in the BAC Report on pages 53 to 54.

b) **Nominating and Remuneration Committee (NRC)**
The role of the NRC is to identify, consider and propose suitable candidates for appointment as directors and for senior management positions and to formulate, review, approve and make recommendations to the Board with regard to the remuneration of the executive and non-executive directors and key positions within the senior management.

The NRC comprises 03 non-executive directors, namely Datuk Azzat Kamaludin (Chairman), Mr. Mohamed Muhsin and Deshamanya Mahesh Amalean. The NRC held 04 meetings during the financial year ended 31 December 2019 and the attendance at these meetings is set out below:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Datuk Azzat Kamaludin (Chairman)</td>
<td>4/4</td>
</tr>
<tr>
<td>Mr. Mohamed Muhsin</td>
<td>4/4</td>
</tr>
<tr>
<td>Deshamanya Mahesh Amalean</td>
<td>4/4</td>
</tr>
</tbody>
</table>

Table 3 –NRC meeting attendance

c) **Related Party Transactions Review Committee (RPTRC)**
The role of the RPTRC is to review related party transactions as prescribed by Section 9 of the Listing Rules of the CSE. As per the Listing Rules, the RPTRC shall meet at least once a financial quarter.

The Company has complied with the requirements set out in the Listing Rules of Colombo Stock Exchange pertaining to Related Party Transactions. The activities conducted by the RPTRC are set out in the RPTRC Report on page 55.

d) **Capital Investment and Procurement Management Committee (CIPMC)**
The role of the CIPMC is to support the Board in the performance of its duties by considering and approving, or recommending to the Board, strategic, operational and financial matters and procurement proposals.

The CIPMC comprises 04 representatives of the Board, namely Mr. James Maclaurin (Chairman), Mr. Mohamed Muhsin, Dr. Hans Wijayasuriya and
Mr. Supun Weerasinghe and 01 ex-officio member who is the Group Chief Financial Officer of Dialog.

The CIPMC held 07 meetings during the financial year ended 31 December 2019.

The above Board Committees are supported by a comprehensive and effective internal governance structure, consisting of the Group Senior Management Committee (GSMC), headed by the GCEO, to oversee the overall operations of the Group. Reporting to the GSMC are Group Leadership Committees that oversee the effective management of core functional areas and are headed by senior management members heading the respective functional area.

- **Re-appointment and Re-election**

  In accordance with the Company's Articles of Association, directors who were appointed during the year must submit themselves to the shareholders for re-election at the first AGM following their appointment and one-third of the directors (excluding the executive director) are subject to retirement and re-appointment by rotation at every AGM. The directors who retire by rotation are those who have been longest in office since their appointment/re-appointment.

  The directors who are retiring and are eligible for re-election this year are mentioned in the Notice of the AGM.

**2. REMUNERATION**

The Company's remuneration policy endeavours to attract, retain and motivate directors of the quality and experience commensurate with the stature and operational complexity of the Dialog Group. The remuneration policy for directors is proposed, evaluated and reviewed by the NRC, in keeping with criteria of reasonability.

The remuneration of non-executive directors comprises a monthly fixed allowance and meeting allowances paid in accordance with the number of meetings attended during the year 2019.

The remuneration of the executive director, in his capacity of an employee, comprises of a salary, bonuses and other customary benefits as appropriate. Salary reviews take into account market rates and the performance of the individual and the Company. Further, the performance-related elements of remuneration have been designed to align the interests of the executive director with those of shareholders and link rewards to corporate and individual performance. Thus, the variable component of the executive director’s remuneration is based on the achievement of two dimensions – company performance against company targets and individual performance against a pre-determined set of Key Performance Indicators (KPI). These KPIs comprise of qualitative and quantitative targets and the evaluation of the achievement of the KPIs is reviewed by the NRC and the recommendations are tabled for approval of the Board.

A total of Rs. 154Mn was paid to the Directors as emoluments for the financial year 2019.

**3. ACCOUNTABILITY AND AUDIT**

- **Financial Reporting**

  The Board believes that independent verification is necessary to safeguard the integrity of the Group's accounting and financial reporting.

  The Board aims to provide and present a balanced and understandable assessment of the Group's position and prospects. Therefore, the Board has established a formal and transparent process to independently verify and safeguard the integrity of the Group's accounting and financial reporting and internal control systems, which are periodically reviewed and monitored to ensure effectiveness.

  The GCEO and the Group Chief Financial Officer (“GCFO”) declare in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and that operational results are stated in accordance with relevant accounting standards.
4. RECOGNISE AND MANAGE RISK

- **Internal Control**
The Board acknowledges its overall responsibility in ensuring that a sound system of internal control is maintained to safeguard shareholders’ investment and the Group’s assets.

The BAC conducts a review of the effectiveness of the Group’s system of internal controls and reports its findings to the Board. The review covers all material controls, including financial, operational and compliance controls and risk management systems. Upon receiving confirmation from the heads of units, the GCEO and GCFO provide the BAC with a certificate of compliance confirming compliance with all applicable statutory and regulatory requirements on a quarterly basis.

- **Risk Management, Compliance & Control**
The Group has established and implemented an Enterprise Risk Management system for identifying, assessing, monitoring and managing material risk throughout the organisation, which includes:
  - Oversight of the risk management system;
  - Examination of the Company’s risk profile which contains a description of the material risks facing the Company including financial and non-financial matters;
  - Assessment of compliance and control;
  - Assessment of effectiveness - mechanism to review, at least annually, the effectiveness of the Company’s implementation of the risk management system.

The Enterprise Risk Management Group Leadership Committee is responsible for monitoring the risks and reporting the same to the BAC and Board on a periodic basis or as and when a significant risk arises.

- **Internal Audit**
Internal audits are conducted by the Group Internal Audit Division which is independent of management. The Internal Auditor has access to management and the authority to seek information, records, properties and personnel relevant to the subject of audit/review. Once an audit/review is completed, a report is submitted to the BAC.

The BAC oversees the scope of the internal audit and has access to the internal audit without the presence of management.

In order to ensure independence, objectivity and enhance the performance of the internal audit function, a direct reporting line has been created from the internal audit function to the BAC. The BAC is responsible for the appointment and dismissal of the Group Chief Internal Auditor. The activities of the Group’s internal audit are detailed in the BAC Report on pages 53 to 54.

5. RESPONSIBLE DECISION-MAKING

The Group’s Code of Business Ethics and Employee Code of Conduct actively promote ethical and responsible decision-making and endeavour to influence and guide the directors, employees and other stakeholders of the practices necessary to maintain confidence in the Group’s integrity and to demonstrate the commitment of the Group to ethical practices.

The Group has in place an Insider Trading Policy which deals with the trading practices of directors, officers and employees of the Group in the Company’s securities. The Insider Trading Policy raises awareness of the prohibitions under the law and specifies the restrictions relating to trading by designated officers in specific circumstances, details of such circumstances, and the basis upon which discretion is applied.

The Group also has a Whistleblowing Administration Policy wherein an independent reporting party (KPMG) is employed to administer the whistleblowing hotline service.

6. RESPECT FOR THE RIGHTS OF SHAREHOLDERS

The Company is committed to having regular, proactive and effective communication with investors and shareholders. The Company respects the rights
of the shareholders and seeks to empower them by communicating effectively and providing ready access to balanced information about the Company.

Communication with shareholders
The Company communicates with the shareholders through the following means of communication:-

1. Annual General Meeting (AGM)
The AGM is the main event for the shareholders to meet with the Board which allows reasonable opportunity for informed shareholders to communicate their views on various matters affecting the Company and the forthcoming AGM will be used to effectively communicate with shareholders. The AGM is also attended by the Senior Management, External Auditors and External Legal Counsel.

2. Announcements to the Colombo Stock Exchange
Announcements of quarterly interim financial results, press releases and various announcements on corporate actions are disclosed to the CSE in a prompt and timely manner in compliance with the Listing Rules of the CSE.

3. Media Releases
The Company ensures that media releases are made to the media on all significant corporate developments and business initiatives through its Group Corporate Communications Unit.

4. Company website
Information on the Company’s performance, financial information, press releases, annual reports, all relevant announcements made to the CSE, related information and other corporate information is made available on the Company’s website at http://www.dialog.lk/financial-announcements.

Investor Relations
In the year 2019, the Company actively participated in 06 overseas investor conferences held in New York, London, Singapore and Bangkok. The Company also took part in 03 local forums with the attendance of local and foreign analysts and investment funds. In addition, the Company conducted 15 one-on-one meetings and conference calls with key local and foreign investors during the course of the year.

The Company also held earnings calls via teleconference every quarter to brief local and foreign analysts and investors on the results achieved in that quarter. These sessions not only provide analysts and investors with a comprehensive review of the Group’s financial performance, but also gave them the opportunity to clarify related queries they may have. The contents of these briefings are posted on the Company’s website at http://www.dialog.lk/quarterly-reports. Additionally, the Company hosted 01 investor forum during the year to brief investors/analysts on the company’s performance for FY 2018.

Major Transactions
There were no transactions during the year deemed as a “major transaction” in terms of the definition stipulated in the Companies Act, No. 7 of 2007.
Report of the Board Audit Committee

ROLE OF THE COMMITTEE
The Board Audit Committee (BAC) is a formally constituted sub-committee of the Board of Directors (Board). It reports to and is accountable to the Board.

The primary role of the BAC is to implement, address issues and support the oversight function of the Board in relation to the Group’s financial results, audits, corporate risks and internal controls. It ensures compliance with international best practices, accounting standards as defined by the Institute of Chartered Accountants of Sri Lanka and applicable local laws and regulations and the requirements of the Listing Rules of the Colombo Stock Exchange (CSE).

The Terms of Reference (ToR) of the BAC, as formulated by the Board, is reviewed annually. The effectiveness of the BAC is evaluated annually by each member of the BAC. The work practices and performance of the external auditors are also reviewed.

COMPOSITION
The BAC comprises three non-executive directors, of whom a majority are independent directors. The BAC is chaired by Mr. Mohamed Muhsin, who is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. The composition meets the requirements stipulated in the Listing Rules of the CSE. The Group Company Secretary functions as the Secretary to the BAC.

The members of the BAC as at 31 December 2019 were:
1. Mr. Mohamed Muhsin – Independent, Non-Executive Director (Chairman)
2. Mr. James Maclaurin - Independent, Non-Executive Director
3. Mr. Vivek Sood - Non-Independent, Non-Executive Director

MEETINGS
The BAC had seven meetings during the year 2019, which included three special meetings. The meeting attendance of the members is set out in the table below:

<table>
<thead>
<tr>
<th>Name of Member</th>
<th>Date of Appointment / Resignation during the year</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Mohamed Muhsin – Chair</td>
<td>-</td>
<td>7/7</td>
</tr>
<tr>
<td>Mr. James Maclaurin</td>
<td>-</td>
<td>7/7</td>
</tr>
<tr>
<td>Mr Vivek Sood</td>
<td>Appointed with effect from 16 February 2019</td>
<td>6/6</td>
</tr>
</tbody>
</table>

The Group Chief Executive Officer, the Group Chief Financial Officer and the Group Chief Internal Auditor, attended these meetings on invitation. The external auditors also attended meetings, on invitation, to brief the BAC on specific issues. In addition, the BAC had private executive discussions with the external auditors without the presence of Management.

The Board is apprised of the significant issues deliberated and considers and adopts, if thought fit, the recommendations of the BAC.

SUMMARY OF PRINCIPAL ACTIVITIES OF THE BAC DURING THE YEAR
During the year, in addition to the routine activities, the BAC continued its focus on overseeing and reviewing cybersecurity initiatives and enterprise risk management. The BAC also reviewed reports submitted by the Special Affairs Unit on internal investigations and reviewed issues related to breach of ethics, if any, and initiatives taken for the prevention of such breaches. During the year the BAC also reviewed an overview which was carried out from the perspective of the internal audit division on the control environment and the governance structure of Dialog’s digital subsidiaries.

The following include other key routine activities carried out by the BAC during 2019:

FINANCIAL REPORTING
In relation to the BAC’s primary function to provide assurance on the reliability of financial statements through an independent review of risks, controls and the governance process, it reviewed the quarterly and annual financial statements, in consultation with
Report of the Board Audit Committee

the external and internal auditors, prior to making recommendations to the Board for approval. Particular consideration was given to -

a) changes in or implementation of accounting policies and practices;
b) significant or material adjustments with financial impact arising from the audit;
c) significant unusual events or exceptional activities;
d) compliance with relevant accounting standards and other statutory and regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the BAC reviewed and monitored reports furnished by the internal auditors, the external auditors and the management, including;

► Enterprise risk management reports on significant risk exposures and risk mitigation plans;
► Management Audit Leadership Committee reports on the progress of the management actions to resolve significant internal control issues as highlighted by the internal and external auditors;
► Certificate of compliance attested by the GCEO and GCFO, confirming compliance with all applicable statutory and regulatory requirements;
► Legal and regulatory reports on significant litigation and regulatory issues impacting the Dialog Group.

External Audit

The BAC reviewed the External Audit Plan including the scope and the fee for the annual audit and had discussions with the external auditors prior to the year-end audit to discuss their audit approach and procedures, including matters relating to the scope of the audit.

The BAC reviewed the results of the external audit and the recommendations contained in the Management Letter arising from the audits of the quarterly and annual financial statements, and ensured appropriate follow up actions were taken.

The independence and objectivity of the external auditors were reviewed by the BAC, which held the view that the services outside the scope of the statutory audit provided by the external auditors have not impaired their independence.

The BAC recommended to the Board that Messrs. PricewaterhouseCoopers be re-appointed as the external auditors for the ensuing financial year.

Internal Audit

The BAC is supported by the Group Internal Audit Division, which is headed by Mr. Aroshan Indujeeva (ACMA). The Internal Audit team has a mix of expertise in the disciplines of Finance, Information Technology, Information Security including Cyber Security, Network Engineering and Network Security, Digital Services, and Sales & Marketing. The Division leverages global best practices and has an ongoing knowledge sharing and training programme with the Axiata Group.

The Division’s audit plans are reviewed and approved by the BAC and follow up actions are monitored. The performance of the Internal Audit Division is appraised by the BAC on an annual basis against the audit plan and pre-determined key performance indicators. The Group Chief Internal Auditor’s periodic reports detailing control issues and recommendations are reviewed by the BAC and follow-up action on past and present recommendations is monitored.

During the year under review, the Group Internal Audit Division performed 39 audit and other related assignments and highlighted key risk issues with recommendations for action. In addition, the division co-ordinated and updated the follow-up action reviews on external audit issues.

CONCLUSION

The BAC is satisfied that the Group’s accounting policies, internal controls, and risk management processes are adequate to provide reasonable assurance that the financial affairs of the Group are managed in accordance with Group policies and accepted accounting standards.

On behalf of the Board Audit Committee.

Mohamed Muhsin, FCA
Chairman, Board Audit Committee

15 May 2020
ROLE OF THE COMMITTEE
The Related Party Transactions Review Committee (the Committee) is a formally constituted sub-committee of the Board of Directors (Board) and reports to the Board.

The primary function of the Committee is to review Related Party Transactions (RPTs) as prescribed in Section 9 of the Listing Rules of the CSE, in order to ensure that transactions with related parties are on normal commercial terms, similar to those afforded to non-related parties.

The Terms of Reference of the Committee was formulated and approved by the Board in 2016.

COMPOSITION
The Committee presently comprises of two independent non-executive directors. The composition meets the requirements stipulated in the Listing Rules of the CSE. The Group Company Secretary functions as the Secretary to the Committee.

The members of the Committee as at 31 December 2019 were:

1. Mr. Mohamed Muhsin – Independent, Non-Executive Director (Chairman)
2. Mr. James Maclaurin - Independent, Non-Executive Director

MEETINGS
The Committee had five meetings during the year 2019, which included one special meeting of the Committee. The meeting attendance of the members is set out in the table below:-

<table>
<thead>
<tr>
<th>Name of Member</th>
<th>Date of Appointment / Resignation during the year</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Mohamed Muhsin – Chairman</td>
<td>-</td>
<td>5/5</td>
</tr>
<tr>
<td>Mr. James Maclaurin</td>
<td>-</td>
<td>5/5</td>
</tr>
</tbody>
</table>

POLICIES & PROCEDURES ADOPTED BY THE COMMITTEE
Declarations are obtained from each Director/ Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the related party transactions are identified from information maintained with the Company.

All forecasted recurrent RPTs are submitted by Management on a quarterly basis to the Committee for consideration and review. Non-recurrent RPTs are also reviewed and approved by the Committee prior to the transaction being entered into or if the transaction is expressed to be conditional on such review, prior to the completion of the transaction and the recommendation communicated to the Board for consideration.

CONCLUSION
The Committee is satisfied that all RPTs reviewed by the Committee during the year 2019 were in compliance with the CSE Rules, Related Party Transactions principles, at arm’s-length terms and not prejudicial to the interests of Company and its minority shareholders and that the observations of the Committee have duly communicated.

On behalf of the Related Party Transactions Review Committee.

Mohamed Muhsin, FCA
Chairman
15 May 2020