

Dividend Distribution Policy of “Pioneer Insurance Company Limited”

Background & Objective

This policy is called “Pioneer Insurance Company Ltd.” Dividend Distribution Policy which is prepared and adopted by the Board of Directors of the Company, in compliance with the provisions of the Directive of Bangladesh Securities and Exchange Commission (BSEC)

The objective of the policy is to provide guidance to stakeholders on the dividend distribution framework adopted by the Company. The Board of Directors of the Company shall consider this Policy when resolving on dividends, always compliance with the provisions of the ACT, notifications/directives issued by the BSEC, Income Tax ACT and other applicable legal provisions.

Definitions

The Act “means Companies Act, 1994, Insurance-Act, 2010, BSEC-Act alongwith rules.

“The Company” means Pioneer Insurance Company Ltd.

“AGM” means Annual General Meeting.

“Board” means Board of Directors of Pioneer Insurance Company Ltd.

“Shareholders” means members whose name is registered in the Member Register of the Company.

“Shares” means Ordinary Equity Shares.

Types of Dividend

The Act deals with two types of dividend: Interim and Final.

- **Interim Dividend** is the dividend declared by the Board between two AGMs as and when considerate appropriate. The Act authorizes the Board to declare interim Dividend during any Calendar year out of the profits for the Calendar year in which the dividend is sought to be declared.
- **Final Dividend** is recommended for the calendar year at the time of approval of the annual financial statements as well as appropriation of profit. The Board shall have the power to recommend the final dividend to the shareholders for their approval at the AGM of the Company. Dividends recommended by the Board of Directors cannot be changed prior to holding of the AGM.

In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the AGM.

Declaration of Dividend

The Dividend is the share of the profit that a Company decides to distribute among its shareholders in proportion to the amount paid-up on shares they hold in the form of cash and/or Stock (Bonus). The profits earned by the Company can either be retained in the business or can be distributed among the Shareholders as dividends.

Subject to the provisions of the Act, dividend shall be declared and paid out of:

A	B	C
Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s)	Undistributed profits for the previous calendar years after providing for depreciation in accordance with law and remaining undistributed	A & B both.

In the event of inadequacy or absence of profits in any calendar year, the Company may declare dividend out of free reserves and/or from dividend equalization fund subject to the compliance with the Act and Rules.

Parameters to be considered while recommending/Declaring Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among the shareholders and the amount of profit to be retained in the business.

The circumstances for dividend pay-out decision depend on various external and internal factors the Board of Directors shall consider while recommending/declaring dividends including the following:

- Net profit after tax for the year.
- Free reserve of the company.
- Operating cash flows.
- Liquidity position of the company.
- Investment opportunity.
- Dividend trend of the company.
- Dividend of peer industry.
- Any other factors as may be deemed fit by the Board.
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Financial Parameters for Declaring Dividend

The Company is committed to delivering sustainable value to its stakeholders. The Company shall strive to distribute an optional and appropriate level of profits among the shareholders in the form of dividends.

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavor to provide consistent returns over a period of time. While deciding on the dividend, micro and macro-economic parameters for the country in general and the Company in particular shall also be considered.

Taking into consideration the aforementioned factors, the Board endeavor to maintain a dividend payout.

Utilization of Retained Earnings

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilized as under:

- Issue of fully paid up bonus shares.
- Declaration of dividend Interim or Final.
- Augmenting internal resources.
- Funding of capital expenditure/expansion plans/acquisition.
- Repayment of debt.
- Any other permitted use as may be decided by the Board.

Parameters for various Classes of Shares

Currently, the Company has only one class of shares “Ordinary Share”. There is no privilege amongst Equity Shareholders of the Company with respect to dividend distribution.

Circumstances under which the members of the Company may not expect Dividend

The Company has been paying dividends to its shareholders since its commencement of business (1996) and shall endeavor to continue dividend payment. However, under some of the circumstances in which shareholders of the company may or may not expect dividend pay-out.

- At the event of the company making losses or the profits are inadequate.
- Where the company is having requirement of fund for capital allocation, working capital etc.
- Inadequate availability of cash.
- Any adverse situation which is beyond the control by the company.
- Any other reason as may be deemed fit by the board in accordance with the Articles of Association.

Dividend Distribution Mode & Time

Cash Dividend: Cash dividend shall be paid to the members through BFTN, A/C Payee Cheque, Warrant or any other Electronic form approved by the Bangladesh bank. Cash dividend of Non-Resident, Sponsor, Director, Unit holder or Foreign Portfolio Investor shall be paid through security custodian or any other mood as per instruction of regulators within the stipulated time.

The company, upon receiving the claim on cash dividend from a Stock Broker or a Merchant Banker or a Portfolio Manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of Stock Broker or Merchant banker or Portfolio Manager, pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the Stock Broker or to the separate bank account of the Merchant Banker or Portfolio Manager through BFTN.

The Company in case of non-availability of Bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, issue cash dividend warrant and send it by post to the shareholder.

The Company, immediately after disbursement of cash dividend and issuance of a certificate of tax deducted at source, if applicable, intimate to the shareholder through a short message (SMS) to the mobile number or email address as provided in the BO account or as provided by the shareholder.

The Company shall maintain detailed information of unpaid or unclaimed dividend and rationale thereof, as per BO account number wise or name-wise or folio number wise of the shareholder.

Provided that the company shall publish the year-wise summary of its unpaid or unclaimed dividend in the website:

The Company shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholder, as applicable, within 30(thirty) days of declaration or approval as subject to clearance of the exchange(s) and the Central Depository Bangladesh(CDBL).

The company shall submit a compliance report to the Bangladesh Securities and Exchange Commission (BSEC) in a specific format, within 7(seven) working days.

Provided that the company will also publish the compliance report in its website.

The company shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land in force.

Any unclaimed or undistributed or unsettled dividend in cash or non-refunded public subscription money or others for a period of three years shall be transferred to the Capital market Stabilization Fund (CMSF).

Disclosure

This Dividend Distribution policy shall be disclosed in the Annual Report of the Company and on the Company's website: www.pioneerinsurance.com.bd

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

Effective Date

This Policy has been approved by the Board of Directors of the Company with immediate effect.

Review/Amendment

The Board may amend, abrogate, modify, or revise any or all provisions of this Policy. However, amendments in the Act in the listing Regulations shall be binding even if not incorporated in this Policy.