

3.14 Statement of Corporate Governance



Meeting of the Board of Directors and senior management as invitee.

Summit perceives corporate governance as a system, which involves the alignment of interests among all the stakeholders. Summit's philosophy of corporate governance of the Company is aimed at the conduct of Company/top management to ensure that no decision is being taken at the cost of the interest of the community, country as a whole or for any stakeholder. It refers to the meeting obligations to all the stakeholders and is guided by strong emphasis on transparency, accountability and integrity.

GUIDING PRINCIPLES OF CORPORATE GOVERNANCE

Keeping in view the size, complexity and operations, the governance framework of our Company is based on the following principles:

- That the Board is appropriate in size and members are committed to their respective duties and responsibilities;
- That Codes of Corporate Governance as notified by the Bangladesh Securities and Exchange Commission under reference BSEC/CMRRCD/2006-158/207/Admin/80, dated 3rd June 2018 and BSEC/CMRRCD/2006-58/208/Admin/81, dated 20th June 2018;
- That the Company is operated by a well-defined management structure including IMS;
- That timely flow of information to the Board and its Committees are ensured to enable them discharge their functions effectively;
- That a sound system of 'Risk Management' and internal control is in place;
- That corporate governance practice is based the Companies Act 1994 along with the amendment of the Companies Act in 2020 and other applicable corporate regulations of Bangladesh and the Memorandum and Articles of Association of the Company;
- That the Company has a sound asset management policy, which assures that proper records are maintained in case of capital expenditures of the Company and that no unauthorized use or disposal of any asset occurs;
- That timely and balanced disclosure of all material information concerning the Company is made to all stakeholders;
- That all transactions of the Company are transparent and accountability for the transactions is well established

That all regulatory and statutory rules and regulations are complied with;

- That meeting the needs of the current generation will be without compromising the ability of future generation to meet their needs;
- That always there should consider a holistic (social economic and environmental) approach for decision making, venture exploring and problem-solving;
- That the corporate governance is to be practiced following the guiding various systems, policies, manuals and charters as defined in the 'Various Systems, Policies, Manuals and Charters' section of the Annual Report;
- That the 'Statement of Risk Management' and 'Internal Control' of the Company is followed in management of governance exercise;
- That the delegation of authorities of the Company as defined is exercised prudently; and
- That both the local and global industry best practices are well implemented.

THE RESPONSIBILITIES OF THE BOARD

To ensure effective maintenance of corporate governance, the Board of Summit Power Limited (SPL) formulates strategic objectives and policies for the Company, provides leadership and supervises management actions in implementing those objectives of the Company. In Summit, the Board of Directors fully control the Company's affairs and are also accountable to the shareholders. The Board firmly believes that the success of the Company depends largely on the prevalence of a credible corporate governance practice.

In discharging its responsibilities, the Board fulfills certain key functions:

- To be informed and act ethically and in good faith with due diligence and care, in the best interest of the Company and the shareholders;
- To review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring and implementing of corporate performance;
- To ensure the integrity of the Company's account & financial reporting systems, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards
- To review Company's financial statements and oversee its compliance with applicable audit, accounting and reporting requirements. In doing so, the Company:
 - Applies suitable accounting policies;

- Makes prudent judgments and estimates where needed;
- Ensures all applicable accounting standards have been followed, all material departures have been disclosed and explained in the notes to the financial statements;
- Makes sure the accounting records present the financial position of the Company accurately;
- Prepares the financial statements on a going concern basis.
- Ensures the integrity of the corporations accounting and financial reporting systems including their independent audit;
- To monitor implementation and effectiveness of the approved strategic and operating plans;
- To oversee major acquisitions and divestitures and establish Company's value;
- To oversee the corporate governance of the Company;
- To select, compensate, monitor and replace key executives and oversee succession planning;
- To ensure a formal and transparent board member nomination and election process;
- To ensure appropriate systems of internal control are established;
- To appropriately fix and disclose the mandate, composition and working procedures of the committees to the board as established; and
- To align top level executives' and directors' remuneration with the longer-term interests of the Company and its shareholders as recommended by NRC.

The Company's policy is to maintain optimum combination of Directors. The Managing Director of the Company is a non-shareholder ex-officio Director and the Board has appointed three Independent Directors as per the BSEC's requirement. The short introduction of the Directors has been described in this Annual Report. The Board ensures that the activities of the Company are always conducted with adherence to high ethical standards and in the best interest of the shareholders.

BOARD MEETINGS, PROCEDURES AND ACTIVITIES

I. Procedures of the board meeting:

The procedures of the board meetings are mentioned below:

- A. Selection of Agenda:** The Chairman of the Board, in consultation with the Managing Director sets the agenda for Board meetings with the understanding that the Board is responsible for providing suggestions for agenda items that are aligned with the advisory and monitoring functions of the Board. Any member

of the Board may request that an item be included on the agenda.

- B. Board Materials:** Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings to allow the Directors to prepare for discussion of the items at the meeting.
- C. Senior Management in the Board Meeting:** At the invitation of the Board, members of senior management attended Board meetings or portions thereof for the purpose of participating in discussions.

II. Attendance of the board meeting and their activities:
Six meetings were held via virtual platform during the financial year ended 30 June 2025. A summary of the Board Members' attendance and their activities are disclosed as follows:

a. Attendance of the board meeting:

Sl.	Name of Directors	Attendance
1	Mr. Muhammed Aziz Khan	6
2	Mr. Mohammad Latif Khan	6
3	Mrs. Anjuman Aziz Khan	4
4	Mr. Jafer Ummeed Khan	5
5	Mr. Muhammad Farid Khan	5
6	Ms. Ayesha Aziz Khan	5
7	Mr. Faisal Karim Khan	6
8	Ms. Azeeza Aziz Khan	6
9	Mr. Syed Fazlul Haque FCA	6
10	Mr. Helal Uddin Ahmed	0
11	Mr. Monirul Islam Akhand	5
12	Mr. Anisuddin Ahmed Khan	4
13	Ms. Farzanah Chowdhury*	2
14	Mr. Junayed Ahmed Chowdhury*	1
15	Engr. Md. Mozammel Hossain*	1

*Mr. Mozammel Hossain finished his tenure On 31.12.2024 and Mr. Junayed Ahmed Chowdhury resigned from the post on 18.03.2025 and Ms. Farzanah Chowdhury has joined on 12.12.2024

- b. Major activities of the Board:** The major decisions considered by the Board during the financial year, in addition to the regular business agenda, are as follows:
 - Approval of the Financial Statement and Directors' Report

- Dividend Declaration for the financial year ended on 30th June 2025;
- Approval of annual operating and capital budget, including Directors' and employees' yearly performance appraisal and salary increment, for the year ending on 30th June 2025;
- Recommendation for appointment of External and Corporate Governance Auditors along with their remuneration;
- Review of yearly operating performance and providing suggestions for improvement of operational performance further;
- Conducting 27th Annual General Meeting of the Company;
- Approval of quarterly unaudited financial statements for the quarters ended on 30 September 2024, 31st December 2024 and 31st March 2025, taking into consideration of Audit Committee reviews and recommendations on financial statements;
- Review of quarterly operational and financial performance as presented by the managements and providing suggestions for further improvement in the areas of various business processes;
- Review and approval of related party transactions particularly with fuel supplier, Summit Oil and Shipping Co Ltd (SOSCL);
- Review and approval of sanction of credit facilities (in the form of funded and non-funded) to facilitate working capital support for related party transactions and supply of spare parts from foreign vendors;
- Approval of re-appointment of the Independent Director of the Company.

THE RESPONSIBILITIES OF THE COMMITTEES TO THE BOARD

The current formation of the Audit Committee and Nomination and Remuneration Committee, their activities and attendance are disclosed in the Report of Audit Committee 2024-25 and Report of NRC 2024-25 sections of the Annual Report.

THE RESPONSIBILITIES OF THE MANAGEMENT

To ensure effective maintenance of corporate governance, the Management of Summit Power Limited (SPL) formulates and implements a tactical plan to align the organization as per strategic objectives and policies provided by the Board. In Summit, the Management is in full control of the Company's affairs and is also accountable to the Board. The Management firmly believes that the success of the Company is achieved through fair practice of the corporate governance framework. In discharging its responsibilities aligned with the defined policies

and objectives of the board of directors, the Management fulfills certain key functions:

- To implement and provide feedback about the corporate strategy, major plans of action, risk policy, annual budgets and business plans and performance objectives;
- To assist the Board to ensure the integrity of the Company's accounting & financial reporting systems, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards;
- To assist the Board to review the Company's financial statements and oversee its compliance with applicable audit, accounting and reporting requirement; To assist the Board to monitor and implement the effectiveness of the approved strategic plans by adopting relevant tactical and operating plans; and
- To monitor and provide feedback about the corporate governance of the Company to the Board;

The Management builds the confidence of the Board by ensuring that the activities of the Company are always conducted with adherence to high ethical standards and in the best interest of the shareholders and other stakeholders while optimizing the wealth of the Company.

INTERNAL CONTROL FRAMEWORK

Our understanding about internal control aligns with the Committee of Sponsoring Organization (COSO) Internal Control Integrated Framework, a widely used framework of internal control, which is broadly defined as a process, carried out by an entity's board of directors, management, and other personnel. It is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance.

The Company has an adequate system of internal control in place. The well-defined organization structure, predefined authority levels, documented policy guidelines and an extensive system of internal controls ensure optimal utilization and protection of resources, reporting of financial transactions and compliance with applicable laws and regulations. The system also ensures that assets are safeguarded against loss from unauthorized use or disposition.

Everyone in an organization has responsibility for internal control to some extent and all personnel should be responsible to ensure a healthy internal control system. The roles and responsibilities of the major entities are as follows

Board Of Directors

The Board of Directors provides governance, guidance and oversight to the management. Our board members are objective, capable and inquisitive. They also have knowledge of the entity's activities and environment, and commit the time necessary to fulfill their board responsibilities.

Management

The top manager of the organization has overall responsibility for designing and implementing effective internal control to ensure the requirement of the board. The top management is also liable for the issues that affect integrity and ethics and other factors of a positive control environment. In our Company, the top management fulfills this duty by providing leadership and direction to senior managers and reviewing the way they're controlling the business. Senior managers, assign responsibility for establishment of more specific internal control policies and procedures to personnel responsible for the unit's functions.

Auditors

The internal auditors and external auditors of the organization also measure the effectiveness of internal control and report them accordingly. They assess whether the controls are properly designed, implemented and working effectively, and make recommendations on how to improve internal control. They may also review information technology controls, which relate to the IT systems of the organization. There are laws and regulations on internal control related to financial reporting in a number of jurisdictions. To provide reasonable assurance that internal controls involved in the financial reporting process are effective, they are tested by the external auditor (the organization's public accountants), who are required to opine on the internal controls of the Company and the reliability of its financial reporting.

Audit Committee

Summit Power Limited has a very well-defined audit committee, similar to other committees. The roles and the responsibilities of the audit committee are as follows:

- Review of the quarterly, half-yearly and annual financial statements as well as other financial results of the company and, upon its satisfaction of the review, recommend them to the board for approval;
- Monitoring and reviewing the adequacy and effectiveness of the company's financial reporting process, internal control and risk management system;
- Monitoring and reviewing the arrangements to ensure objectivity and effectiveness of the external and internal audit functions. Examine audit findings and material weaknesses in the system and monitor implementation of audit action plans;



Management Review Committee meeting

- Recommending to the Board for appointment, reappointment or removal of external auditors; and
- Reviewing and monitoring of the Company's ethical standards and procedures to ensure compliance with the regulatory and financial reporting requirements.

Internal Audit

The Company has a dedicated Internal Audit Team, accountable for reviewing the activities of management related to internal controls over financial reporting and business operational functions. The team is adequately resourced and empowered to deliver its responsibilities under the Group Internal Audit Charter and Policies. The team can work independently to ensure risks and internal control deficiencies are identified, reported and mitigated timely.

Remuneration Committee

The roles and the responsibilities of the remuneration committee of our Company are as follows:

- To approve and oversee administration of the 'Company's Compensation Policy';
- To review and approve specific compensation matters for the key executives;
- To review, as appropriate, any changes to compensation matters for the officers listed above with the Board;

- To review and monitor all human-resource related performance and compliance activities and reports, including the performance management system;
- To ensure that benefit-related performance measures are properly used by the management of the organization; and
- To review and discuss with management the types of information to be disclosed and the types of presentations to be made financial and investment related issues;

Operating Staff

The Company perceives that all staff members are responsible for reporting problems of operations, monitoring and improving their performance, and monitoring non-compliance with the corporate policies and various professional codes, or violations of policies, standards, practices and procedures. Their particular responsibilities are documented in their individual personnel files. In performance management activities they take part in all compliance and performance data collection and processing activities as they are part of various organizational units and may also be responsible for various compliance and operational related activities of the organization. Staff and junior managers are also involved in evaluating the controls within the organizational unit using a control self-assessment.

Financial Reporting Process

All financial statements are made in accordance with IFRS and IAS applicable in Bangladesh, the Companies Act 1994, the Bangladesh Securities and Exchange Rules 2020, and

other applicable financial legislations. It is from the financial reports of Microsoft Navision (NAV) that the financial data is captured. The financial statements are reviewed by the Director Finance, Managing Director and Audit Committee on a regular basis/quarterly and annual basis. Upon submission to the Group in the form of management accounts, these financial statements are then viewed by the Group (i.e. Summit Power International Limited) Accounting and Finance Team of Summit Power International, based in Singapore on a regular monthly and quarterly basis. External auditors examine the financial statements in accordance with International Auditing Standards (ISAs) and in line with the Company's internal control system. Finally, the financial statements (both audited and unaudited ones) are placed before the Board for their review and approval.

Operational Process and its Performance Review

Following the qualities, environment and health, safety & social policies under Integrated Management System, the operations of all power plants are conducted by the management. The system of performance review and for their continual improvement is also in-built in the IMS.

Delegation of Authority

Responsibility or authority is assigned through the delegation of authority framework. The delegation of authority framework for the Company is continuously reviewed and updated as circumstances change to ensure relevance and applicability.

Company Secretary

To ensure effective accumulation and timely flow of information that is required by the Board and to maintain necessary liaison with internal organizations as well as external agencies, the Board has appointed a Company Secretary. The Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC) also requires a listed Company to appoint a Company Secretary. In pursuance of the same, the Board of Directors has appointed the Company Secretary and defined his roles and responsibilities as follows, among others:

- To perform as the bridge between the Board, Management and Shareholders on strategic and statutory decisions and directions;
- To be responsible for ensuring that appropriate Board procedures are followed and advises the Board on Corporate Governance matters; and
- To act as the Disclosure Officer of the Company and monitors the compliance of the acts, rules, regulations, notifications, guidelines, orders/directives, etc. issued by BSEC including Stock Exchanges applicable to the conduct of the business activities of the Company so as to protect the interests of the investors and other stakeholders.

Bangladesh Secretarial Standards (BSS)

The Company conducts its Board meetings, records the minutes of the meetings, as well as maintains the required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

Investor Relations

The Investor Relations function aims to provide relevant and necessary information to the investors and shareholders and capital markets in order to enable them to make an informed judgement about the fair value of the Company's shares. The relevant stakeholders are kept informed about the Company's financial results, regulatory landscape, growth opportunities and strategic ambitions. The Investor Relations under the guidance of Company Secretary and Managing Director closely work the Public Relations and Media Department of Summit Corporation Limited for providing relevant information to stakeholders including shareholders. The details of communications with shareholders are well disclosed in the 'Communications with Shareholders' section of the Annual Report.

SUBSIDIARY COMPANIES

Summit Power Limited has five subsidiary Companies and in accordance with the corporate governance guidelines set by BSEC, the Company ensured that -

The conditions stating how the Board of Directors should be composed including the requirement to appoint independent directors are fulfilled.

- The independent directors of the Company are also appointed as such in the subsidiary Companies;
- Activities and transactions of the subsidiary Companies are also reviewed at the Board meetings of the Company;
- Minutes of the Board meetings of the subsidiaries are reviewed by the Board of the Company as well;
 - Audit Committee of the Company assessed the financial statements of the subsidiary Companies as well; and
 - Any conflicts of interest that may have arisen during intercompany transactions were mitigated.