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QUALITY STATEMENT OF RAHMAN ANIS & CO. (RAC)

Independent, quality work is the most important factor in serving the public interest and it is critical to retaining the confidence of Rahman Anis Co., Chartered Accountants, constituents.

For more than thirty years, Rahman Anis & Co., Chartered Accountants has provided its clients with independent, quality audit work, earning a reputation for independence, integrity, ethical behavior and objectivity. This is due in large part to our highly developed system of quality controls, which has been critical to our success.

The key components of RAC's quality control system are:

- Our Code of Conduct, which defines the values and standards by which RAC does business;
- Documented risk management and quality control policies and procedures;
- Technical guidance and support on complex accounting and audit issues that cannot be resolved within the firm is available through resources which include access to the Institute of Chartered Accountants of Bangladesh or the Financial Reporting Council of Bangladesh or other regulatory authorities in Bangladesh;
- The oversight of professional performance, including engagement quality control reviews, and our internal Quality Performance Review Programme, which provides for the review of audit work for quality and compliance with Rahman Anis & Co. and professional standards;
- Independence policies supported by integrated, web-based systems that help our professionals maintain and monitor their compliance with independence requirements;
- Developed methodologies, manuals and training courses to support the delivery of our audit services;
- The appointment of our manager who is responsible for risk and regulatory matters who provides guidance to all staff and procedures;
- Independence policies supported by integrated, web-based systems that help our professionals maintain and monitor their compliance with independence requirements;
- Developed methodologies, manuals and training courses to support the delivery of our audit services;

QUALITY CONTROL SYSTEMS AND PROCEDURES OF RAHMAN ANIS & CO.

RAC maintains a system of quality control for its audit practice that is designed to meet or exceed the requirements of Bangladesh law, the rules of the Chartered Professional Accountants of Bangladesh (ICAB), International Federation of Accountants (IFAC), and the rules and standards issued by the Public Company Accounting Oversight Board (PCAOB) and the Financial

Reporting Council (FRC).

Background and Organization

RAC's system of quality control applicable to its audit practice, encompasses the following elements:

- Leadership responsibilities for quality within the firm (“tone at the top”);
- Engagement performance;
- Relevant ethical requirements;
- Human resources;
- Acceptance and continuance of client relationships and engagements; and
- Monitoring of audit quality.

Our each partner has responsibility for our audit practice, which includes our system of quality control. They also monitor developments in accounting and auditing standards, provides tailored training programmes to our staff and provides guidance to engagement teams on complex accounting and auditing issues.

Risk Management and Quality Control Structure

RAC's partners lead quality and risk management for the firm. Risk management and quality control are also considered the responsibility of every partner, Manager and member of staff. Inherent in this responsibility is understanding and adhering to RAC's policies and associated procedures as well as exercising vigilance in their application.

Audit Quality Control Elements

Professional practice, risk management, and quality control are the responsibilities of everyone who works at RAC. All our professionals are expected to understand, apply and adhere to RAC's policies and procedures at all times. Our policies reflect individual quality control elements to help everyone at RAC act with integrity and objectivity, perform their work with diligence, and comply with applicable laws, regulations, and professional standards.

Independence, Integrity, Ethics, and Objectivity

To ensure RAC's independence, integrity, ethics, and objectivity, the firm, and all professionals assigned to each engagement, must be free from financial interests in and prohibited relationships with the client, its management, its directors, and its significant owners. Our policies help ensure that everyone at RAC acts with integrity and objectivity, performs their work with diligence, and complies with applicable laws, regulations, and professional standards at all times. RAC has established processes that communicate independence policies and procedures to personnel. We require our personnel to adhere to applicable independence requirements and ethical standards at all times and we monitor compliance through an integrated, web-based, automated independence compliance system, as well as through a compliance audit process. This system contains an inventory of all publicly traded entities and the securities they have issued. Before purchasing a security or securing a loan or entering into another financial relationship, professionals use the independence search engine to determine if the entity is restricted. Engagement leaders and managers are required to report all of their investments in the tracking system, which automatically notifies professionals if their investments become restricted.

Our independence policies meet the standards promulgated by local laws, ICAB and the professional requirements promulgated by IFAC, the PCAOB, SEC, and the FRC of Bangladesh.

The firm requires all professionals to affirm their independence annually using an affidavit system. This affidavit is completed upon joining the firm, every year thereafter and upon termination of employment. In addition, the affidavit is used to confirm the individual's compliance with, and understanding of, RAC's independence policies. The firm's policies also address disciplinary actions in the event of individual non-compliance with its independence policies. Such actions vary based on the event and severity of the violation and could include dismissal.

Approval of Audit and Non-Audit Services

To ensure we do not provide prohibited services to our public audit clients and their affiliates and to ensure we obtain preapproval of all permitted services from the client's charge with governance, RAC has developed a conflict checking system. This facilitates compliance with these policies and is also used to identify and manage potential conflicts of interest within and across member firms in the RAC network. Together with our policies, it helps the firm resolve any potential conflicts of interest, prevent the provision of prohibited services to SEC and certain public interest audit clients, and determines that permitted services are properly pre-approved.

Rotation of Senior Audit Personnel

Under the Sarbanes-Oxley Act and by the sack of independence rules, senior audit personnel are subject to specific rotation requirements that limit the number of years an individual may provide services to a client. To comply with these requirements, the firm monitors the rotation of its Audit Engagement Partners and Engagement Quality Control Reviewers (EQCR) who provide services to publicly held clients. Our monitoring system also aids in the development of timely transition plans that help the firm deliver consistent quality service to our clients. The process of monitoring and tracking service time and rotation is subject to compliance testing as part of our Quality Performance Review Programme. Any professionals engaged in discussions or negotiations regarding possible employment with an audit client in an accounting or financial reporting oversight role are immediately removed from the audit engagement. If a professional accepts employment with a client, the ongoing engagement team gives active consideration to the appropriateness or necessity of modifying the audit procedures to adjust for risk of circumvention by the former professional of the firm. The firm's independence from an audit client would be impaired if a former engagement team member is employed by an audit client at the issuer level (e.g., parent company) in a financial reporting oversight role within the "cooling-off" period. The firm has established policies that require former professionals to observe the cooling-off period before they join an audit client.

Ethics and Integrity

RAC is committed to doing the right thing, in the right way, for our people, for our clients and for the capital markets we serve. It is this commitment that underlies our values-based compliance culture, in which individuals are encouraged to raise their hands to voice concerns when they see behaviours or actions that are inconsistent with our values or professional responsibilities. In this culture, they know that the concern will be constructively reviewed and considered, and then appropriate action will be taken.

The firm's Code of Conduct is the central tool that articulates the values and principles embodied

in RAC's policies and underscores RAC's commitment to ethics and integrity. The Code of Conduct details the values and standards of behaviour expected of all our professionals. All employees complete stand-alone ethics training on the relevant Code of Conduct topics, and each year acknowledge that they understand and agree to comply with the firm's Code.

Objectivity

Independence, integrity, ethics and objectivity are the central pillars of our firm and we work diligently to avoid even the appearance of a conflict of interest. RAC's personnel are alert to actual and potential conflicts of interest, identifying them at the earliest opportunity and resolving, managing, or avoiding the conflict. Conflicts of interest may preclude RAC from accepting a client or an engagement. The firm's internal system is used to identify and manage potential conflicts of interest within and across member firms in the RAC network. When we become aware of a potential conflict of interest, it is discussed between the partners. If the engagement is accepted, it may be necessary to establish "ethical dividers" with respect to the professionals assigned. If a potential conflict cannot be resolved or managed appropriately, the engagement or prospective client is declined.

Client Confidentiality

RAC's policies require its personnel to maintain the confidentiality of all clients and former clients. The firm also requires its professionals to affirm their understanding of the relevant professional body and firm rules governing treatment of confidential client information at the commencement of employment, and annually thereafter, in an affidavit.

Human Resources

The firm's personnel management system encompasses the areas of:

- Recruiting and hiring;
- Assignment, evaluation, and advancement;
- Performance evaluation and compensation;
- Development and training; and
- Supervision.

Recruitment and Hiring

All candidates for professional positions submit résumés/curriculum vitae, are interviewed, and are subject to background checks during which information provided is verified through independent sources.

Potential candidates are informed of the firm's independence policies and are required to confirm their independence prior to joining us. Potential candidates are advised to contact Human Resources and Independence should there be any potential independence or conflict of interest situations, so that they can be resolved before the individual begins employment with RAC.

Newly hired professionals are also required to complete a computer-based training programme on ethics and independence within one month of joining the firm.

Determining Capabilities and Competencies

The appropriate capabilities and competencies of an audit engagement team as a whole include the following:

- An understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- An understanding of professional standards, regulatory standards and legal requirements;
- Appropriate technical knowledge, including knowledge of relevant information technology;
- Knowledge of relevant industries in which the client operates;
- Ability to apply professional judgment; and
- An understanding of RAC's quality control policies and procedures.

RAC requires that all client service professionals are qualified or are enrolled in the appropriate student programme that leads to an appropriate accountancy qualification.

The firm's Learning and Development team tracks and maintains records of all continuous professional education (CPD) hours recorded by our professionals and ensure that the relevant CPD requirements of the various institutes, licensing authorities or equivalent bodies are adhered to on an annual basis.

Our process for promotion to senior levels of management is rigorous and thorough, involving the appropriate members of RAC leadership.

Assignment of Engagement Teams Individuals are assigned to specific audit engagements based on their skill sets, relevant professional and industry experience and the nature of the assignment or engagement.

Performance Evaluation and Compensation

All professionals undergo annual goal setting and performance evaluations conducted by performance managers who are familiar with their performance. Each professional is evaluated on his or her attainment of agreed-upon goals, demonstration of skills/behaviours, and adherence to RAC values. Skills/behaviours evaluated included quality focus and professionalism, technical knowledge, accountability, business and strategic focus, leading and developing people, continuous learning, and relationship building.

The firm's performance evaluation model has been developed to provide a consistent framework by which leadership and performance management leaders may discuss performance relative to goals and objectives and career development aspirations. The results of the annual performance evaluation directly affect compensation of all KPMG personnel and, in some cases, their continued association with the firm.

Development and Training

The firm's professionals meet their CPD requirements through various professional development courses, including ICAB and their training courses. We have established policies to ensure that all professional members of the firm maintain their professional competence and meet all regulatory and professional standards.

To assist individuals in meeting these requirements as well as the relevant local legal and professional requirements, the firm annually offers courses at all professional levels and has an annual process for setting individual professional development goals. The firm provides all professionals with annual training in ethics and independence.

We also have annual experience and training requirements relating to ISA, IFRS assignments. These requirements help to ensure that the engagement team collectively has the necessary capabilities and competence to perform the audit engagement in accordance with the relevant professional standards and regulatory and legal requirements. Audit quality is continually emphasised to our professionals through timely training and communication of accounting, auditing, and reporting matters. We also encourage our professionals to stay abreast of technical updates by attending internal and external industry specific training programmes and conferences as well as reviewing pertinent bulletins and periodicals.

Prospective Client Evaluation Process

Prior to acceptance of an audit client, we perform an evaluation of the client and its principals, its business, and other service-related matters. This evaluation includes a background investigation of the entity and selected senior management personnel.

Factors considered during the client acceptance process include, but are not limited to:

- Client-related matters (financial strength, reputation, and character and integrity of management personnel);
- Business-related matters (industry, products, and competitors);
- Service-related matters (specialist skills, technical requirements and risk associated with services requested); and
- Independence-related matters (employment-related matters, financial relationships, investments, loans, and non- audit services).

In addition to conducting public background checks on the prospective client and on influential individuals employed by the client, the firm also investigates and evaluates any potential independence and conflict of interest issues. Any potential independence issues and conflicts identified are resolved in consultation with other parties, and the resolution of all matters is documented.

Continuance Process

Each year we embark upon a formal client continuance assessment process, whereby we evaluate all existing audit clients. The objective of these annual reviews is to identify those clients that may require additional evaluation procedures and those instances where we should discontinue our professional association with the client. Factors that might indicate additional evaluation procedures are necessary include, but are not limited to:

- New legal, regulatory, or professional requirements that alter our reporting responsibilities and professional risks;
- A significant change in the nature, size, or structure of a client's business; and
- A significant change in management, directors or principal owners.

Engagement Performance

RAC has established policies and guidance to ensure that the work performed by engagement personnel meets applicable professional standards, regulatory requirements, and the firm's standards of quality.

Engagement performance encompasses all phases of the design and execution of an engagement, including the firm's audit methodology and the review, supervision, consultation, documentation, and communication of audit results. Our integrated audit is enhanced through timely communications with the charge with governance and management throughout the audit process. We use our knowledge and experience to identify a number of different risks (e.g., inherent risk, control risk, fraud risk, and risk of failure of a control), and assess risks within a continuous range from lower to higher. The higher the risk, the more persuasive the audit evidence needs to be to mitigate that risk. We exercise professional scepticism throughout the audit in gathering and objectively evaluating the sufficiency and appropriateness of audit evidence obtained, which includes evidence that is confirming as well as disconfirming.

Our methodology encompasses the following workflow:

Risk assessment

- Obtain an understanding of the entity and its environment, including internal control (i.e., evaluate the design and implementation of relevant controls);
- Perform risk assessment procedures and related activities;
- Identify and assess risks of material misstatement; and
- Design audit responses to address the assessed risks of material misstatement.

Testing

- Test operating effectiveness of selected controls; and
- Plan and perform substantive procedures.

Completion

- Perform completion procedures, including overall review of financial statements;
- Document significant findings and issues;
- Consider if audit evidence obtained is sufficient and appropriate;
- Form an audit opinion; and
- Communicate to the audit committee, or those charged with governance, our responsibilities under applicable auditing standards, an overview of the planned scope and timing of the audit, and significant findings from the audit.

The RAC Audit addresses both manual and automated controls and includes integration of the firm's information technology professionals and other specialists into the core audit engagement team, when appropriate. Our audit also includes procedures aimed at identifying and responding to fraud risks.

The RAC Audit also guides the conduct of audits of financial statements comprising of two or more components (group audits) and clearly delineates responsibilities relative to managing group audits and the involvement of the group engagement team in the work performed by the component auditor.

Our audit methodology includes policies and guidance related to those matters that merit special consideration in performing group audits, including identifying significant components, evaluating group-wide controls, evaluating aggregation risk, establishing group and component materiality, and communicating with the component auditor.

Supervision, Review and Support for the Engagement Team

Supervision entails directing the efforts of professionals who are involved in accomplishing the objectives of the audit and determining whether those objectives have been met. Elements of supervision include instructing and guiding professionals, keeping informed of significant issues, reviewing the work performed, resolving issues, and agreeing on appropriate conclusions. RAC's supervision, review, and consultation guidelines for audit work include:

- Considering the capabilities and competencies of individual members of an engagement team;
- Tracking the progress of an engagement;
- Identifying matters for consultation or consideration by more experienced engagement team members during an engagement;
- Reviewing and approving engagement planning and risk assessment prior to the start of significant fieldwork;
- Reviewing all working papers by a professional other than the preparer. The Engagement Partner's responsibilities include review of audit documentation related to critical areas of judgment, significant findings and issues, and significant risks at the financial statement level and the relevant assertion level with respect to significant accounts and disclosures, including work performed by RAC specialists relative to these significant risks;
- Preparing Planning and Completion Documents that summarise significant issues, which are approved by various parties, including the Engagement Partner and EQCR; and
- Performing in-depth technical reviews in certain situations.

Engagement Quality Control Review

The EQCR has no responsibilities on the engagement other than those relating to performing an objective review of the financial statements, auditors' report, and certain audit documentation. All professionals who perform engagement quality control reviews of public company audits are among the firm's top technical professionals and are knowledgeable and experienced in accounting and reporting matters and ICAB and IFAC professional standards. EQCRs review certain audit documentation, the appropriateness of the financial statements and related disclosures. Completion of an engagement quality control review is documented when the EQCR is satisfied that all significant questions raised have been satisfactorily resolved. Integrity, Accessibility and Retrievability of Engagement Documentation RAC's policies and Code of Conduct require its personnel to maintain the confidentiality of client or former client information, including privacy of personally identifiable information, and to affirm their compliance with the appropriate professional and firm rules governing the treatment of confidential client information at commencement of employment, annually thereafter and upon leaving the firm. Additionally, the firm mandates privacy training for all employees. In addition, our audit professionals are required to apply appropriate and reasonable control to:

- Clearly determine when and by whom audit documentation was created, changed, or reviewed;
- Protect the integrity of information at all stages of an audit, especially when the information is shared within the audit team or transmitted to other parties via electronic means;
- Prevent unauthorised changes to audit documentation; and
- Allow access to documentation by an audit team and other authorised parties, when deemed appropriate to properly discharge their responsibilities.

Retention of Engagement Documentation

The firm's formal document retention policy governs matters such as the retention period for audit working papers and other records relevant to an engagement in accordance with the relevant ICAB and FRC rules, as well other applicable professional and regulatory bodies' standards and regulations. The firm has established protocols for consultation regarding, and documentation of, significant accounting, auditing and financial reporting matters, including procedures to resolve differences of opinion on engagement issues. Consultation with a team member at a higher level of responsibility than either of the differing parties usually resolves such differences. In circumstances where professionals involved in the audit are unable to resolve an issue, the matter may be elevated through the chain of responsibility for resolution by the engagement partner.

Monitoring

Monitoring procedures involve ongoing consideration and evaluation by the firm of the following matters:

- Relevance and adequacy of the firm's policies and procedures;
- Appropriateness of the firm's guidance materials and practice aids;
- Effectiveness of professional development activities;
- Compliance with professional and firm standards, policies, and procedures; and
- Effectiveness of action plans to address recurring findings related to all engagement reviews

Internal Inspection Processes of RAC meets the profession's quality control standards and monitoring requirements through the implementation of its internal inspection process.

Components of the programme include:

- Annual reviews of selected individual Engagement Partners;
- Reviews by teams that are led by Managers and comprise individuals who have industry-specific knowledge;
- Reviews by teams which are led by individuals from a geographical location other than the location of the office or area under review;
- Reviews of general and functional controls, including independence, client acceptance and continuance, personnel evaluations, continued professional education, compliance, licensing, and work paper retention;
- Timely feedback of results from the review with the requirement that an action plan be prepared and implemented based on the results;
- Review and approval of firm wise results and action plans by the Head of Risk Management; and
- Training and guidance that communicates common inspection findings, those areas where audit quality can be improved, and where appropriate, the tools needed to achieve improvements in audit quality.

Conclusion

We are confident that our firm's tone at the top, structure, policies and procedures support our professionals and enable them to provide a high level of audit quality in an independent, objective and ethical manner, thereby maintaining public and stakeholder confidence.

(Ramendra Nath Kar, FCA)

Managing Partner