PROJECT REPORT

ON

The Effects of Corporate Governance and Sustainable Reporting on Firm Performance: Evidence from Pharmaceutical and Chemical Industries in Bangladesh

Submitted to

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LETTER OF TRANSMITTAL

14th July, 2024

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Subject: Submission of the project report, title: The Effects of Corporate Governance and Sustainable Reporting on Firm Performance: Evidence from Pharmaceutical and Chemical Industries in Bangladesh

Dear Sir,

I am pleased to submit my project report, titled: The Effects of Corporate Governance and Sustainable Reporting on Firm Performance: Evidence from Pharmaceutical and Chemical Industries in Bangladesh, as per your instruction to fulfil the requirement of this project work. While preparing this report, I included all the relevant information and explanations to make the report informative and comprehensive. I am deeply thankful for your assistance, without which this report would not have been possible. It was a great experience to prepare this report and I want to assure you once again that I am readily available for any clarification if required, ensuring that you have all the necessary information at your disposal.

With this, I earnestly request your esteemed acceptance of my report. Your approval is of utmost importance as it signifies the culmination of this project, and it would be a profound honour to receive it.

Sincerely,

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DECLARATION OF THE STUDENT

As an industrious and dedicated BBA in AIS student at United International University, I, Olia Rahman, have meticulously and authentically prepared the project report titled "The Effects of Corporate Governance and Sustainable Reporting on Firm Performance: Evidence from Pharmaceutical and Chemical Industries in Bangladesh." This report is a testament to my unwavering commitment and thoroughness in academic pursuits.

………………………………….

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ABSTRACT

Purpose: The main objective of this research is to analyse and investigate the relationship between corporate governance (CG) and sustainable reporting (SR) in the firm performance of Bangladesh's pharmaceutical and chemical industry. ***Method***: This study was meticulously conducted with a rigorous methodology. We gathered a total of 156 observations from companies in the pharmaceutical & chemical sector category listed on Dhaka stock exchange (DSE) from year 2018 to 2023. Our study employed a comprehensive range of testing tools, including descriptive statistics, correlation matrix, regression analysis, and the Jarque-Bera normality test. The firm performance measurement was based on Tobin's Q and Net income before tax, ensuring the utmost validity and reliability of our research. ***Results***: According to the test results, it has been found that corporate governance and sustainable reporting have a significant positive relation with the firm performance. This implies that a sound corporate governance system, which includes transparency, accountability, and ethical practices, in the company and properly maintaining sustainability, which involves sustainability factors, may help a company to sustain itself in the market. These findings underscore the importance of CG and SR in enhancing firm performance and sustainability. ***Implications***: The implications of this study extend beyond the theoretical realm. Our findings can serve as a practical guide for future research and can empower industry professionals and policymakers in the pharmaceutical and chemical sectors in Bangladesh to make informed decisions, thereby enhancing the practical value of our research.

Keywords: corporate governance; sustainable reporting; GRI guidelines; chemical industry; pharmaceutical industry; Bangladesh

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

No	Topic	Page
1	Final Sample Construction	16
2	Variable Definition	16
3	Descriptive Statistics	18
4	Correlation Matrix	20
5	VIF and Tolerance value	20
6	Auto-correlation	21
7	Regression analysis	22

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Measuring firm performance is essential for the shareholders to gain knowledge about the firm. Firm performance is the central concept of this research, which assesses the efficiency of Bangladesh's pharmaceutical and chemical industry. As the pharmaceutical and chemical industry is a significant and vital manufacturing industry in this country, it has various essential tools to measure its efficiency. According to the Bangladesh Investment Development Authority (BIDA), this is one of the sectors with the quickest growth industries among other industries. This industry has been exporting millions yearly after fulfilling the local market's needs. Because of this, there needs to be a precise measurement of the efficiency of this industry. Among various essential tools for measuring firm performance, corporate governance, and sustainable reporting have been used as measurement tools for this research. Corporate governance refers to the essential component of various internal and organizational behaviour that regulates the fundamental tools of firm performance (Abdullah, Yusoff, Islam, & Almanasir, 2021). In today's modern era, corporate governance is the only mechanism that leads firms to achieve optimal performance (Rahim, Anggriani, & Wiranda, 2024). Corporate governance is important in running any company, as well as in its rules and code of conduct. It is a process a company has to follow to sustain itself against competitors. Moreover, according to previous studies, Corporate Governance practices and processes play an important role in sustainability performance and sustainable reporting (Ong & Djajadikerta, 2020).

The aspiration of gaining sustainable development in the world has been significantly increased in recent years. Nowadays, business companies can only use sustainability in their reports. Policymakers and shareholders are pressuring firms to adopt sustainability to improve performance (Munir, Khan, Khuram, & Usman, 2019).

1.2 Background

This research study's background is to find and analyse the factors affecting firm performance based on corporate governance and sustainable reporting. The study was conducted using a combination of quantitative and qualitative research methods, including data analysis and interviews with industry experts.

1.3 Problem Statement

The main problem of this research study is to find the influence of the Bangladesh's pharmaceutical and chemical industry. This study would make it easy to identify the factors that affect firm performance.

1.4 Research Objective

This study will provide its reader with practical insights into the Effects of Corporate Governance and Sustainable Reporting on Firm Performance, using real-world data from the Pharmaceutical and Chemical Industries in Bangladesh. These insights can be directly applied to enhance the performance of firms in these industries.

General Objective: This report is prepared primarily to fulfil the project report, a compulsory work from the Bachelor of Business Administration (B.B.A) degree requirement under the Faculty of Business Administration, United International University.

Specific Objective: This research aims to analyse Bangladesh's pharmaceutical and chemical industry data to gain a comprehensive understanding of firm performance and the influence of factors like corporate governance and sustainable reporting. This clarity of objectives will guide the research process and ensure the relevance of the findings.

1.5 Research Questions

Does corporate governance and sustainable reporting affect the pharmaceutical and chemical industry in Bangladesh?

1.6 Scope

The scope of this research paper is that after this research is completed, a reader can find the effects of firm performance in Bangladesh. The study is expected to provide insights into the factors that influence firm performance in the pharmaceutical and chemical industries, thereby helping businesses in these sectors make informed decisions.

CHAPTER TWO: LITERATURE REVIEW

2.1 Theory

The implicit review of various literature is followed by The Effects of Corporate Governance and Sustainable Reporting on Firm Performance: Evidence from Bangladesh's Pharmaceutical and Chemical Industries. An investigation among hundreds of companies finds a significantly strong relationship between corporate governance and sustainable reporting on firm performance, as their average score is 33.5 out of 70. Some researchers argued that sustainability reporting delves into the influence on firm performance as the varied, sometimes contradictory, consistently indicates a significant positive relationship that offers a promising outlook for organizations prioritizing sustainability (Aggarwal, 2013). Moreover, a known article on MDPI stated that companies need to provide more non-financial information than financial information, as sustainable reporting mainly focuses on Social, economic, and Environmental issues in society. Also, some studies have argued that sustainability development has become increasingly crucial for organizations, as the Global Reporting Initiative (GRI) has provided guidelines, and over 700 organizations have utilized these guidelines (Dilling, 2010). This trend is expected to continue, underscoring the growing importance of sustainable reporting. Additionally, another study stated that political connection has become the new emerging factor in sustainable reporting. An analysis of 2,425 firms' data over several years revealed a significant positive correlation between investors and the respective country's government. However, this connection could weaken the authenticity of sustainable reporting, underscoring the need for vigilance in this practice.

2.2 Corporate Governance and Firm Performance

There are assertions that Corporate Governance is one of the major indicators of firm performance. Though the CG score is not directly involved in firm market performance, it is associated with firm's efficient management of assets. Researchers debated that Corporate Governance and board of directors has a direct positive relation with ROE of

firm performance (Utami & Pernamasari, 2019); (Alodat, Salleh, Hashim, & Sulong, 2021){Hasan, 2020 #840;Hasan, 2022 #871;Hasan, 2019 #738;Hasan, 2019 #746;Hasan, 2019 #746;Hasan, 2017 #1013;Hasan, 2020 #747;Hasan, 2020 #873}. Additionally, another research showed that the impact of Corporate Governance, board ownership and CEO duality on ROE and ROA is significantly higher and has a positive relationship between variables of Corporate Governance and a firm's performance (Velnampy & Pratheepkanth, 2013); (Bhagat & Bolton, 2008). However, in one of the major areas of corporate governance, board size and ROE has been found a significant negative relation on firm performance. Meanwhile, Tobin's Q and other areas like board composition, ownership and CEO duality led insignificant relationship with firm performance {Hasan, 2010 #968} (Nath, Islam, & Saha, 2015); (Arora & Sharma, 2016); (Alodat, Salleh, Hashim, & Sulong, 2021). In the basis of discussion above, this study can hypothesise that,

> H_1: Corporate governance has significant positive relation with firm performance.

2.3 Sustainable Reporting and Firm Performance

There are significant concerns about sustainable reporting in this modern era. Sustainable reporting has led to the creation of a new ecosystem in both developing and underdeveloped countries. There is a clear distinguish that sustainable reporting has a higher percentage of significant relation with firm performance in the manufacturing sector (Girón, Kazemikhasragh, Cicchiello, & Panetti, 2021); (Buallay, Hamdan, & Barone, 2019). Also, a strong positive relation has been observed between sustainable reporting and firm performance as per financial material information defined by SASB (Carvajal & Nadeem, 2022). However, some researchers argued that SRD has an inverse relationship with the measures of firm performance and a moderate relation with ROA and Tobin's Q (Sharma, Bhattacharya, & Thukral, 2019). Based on the discussion above, this study can hypothesise that,

> H_2: Sustainable reporting has significant positive relation with the firm performance.

CHAPTER THREE: METHODOLOGY

3.1 Theoretical Framework

To investigate and identify the Effects of Corporate Governance and Sustainable Reporting on Firm Performance: Evidence from Bangladesh's pharmaceutical and chemical industry, this study has taken two proxies: corporate governance index (Brown & Caylor, 2006; Brown & Caylor, 2004) and sustainable reporting disclosure (Kumar & Prakash, 2019; Kumar & Prakash, 2018).
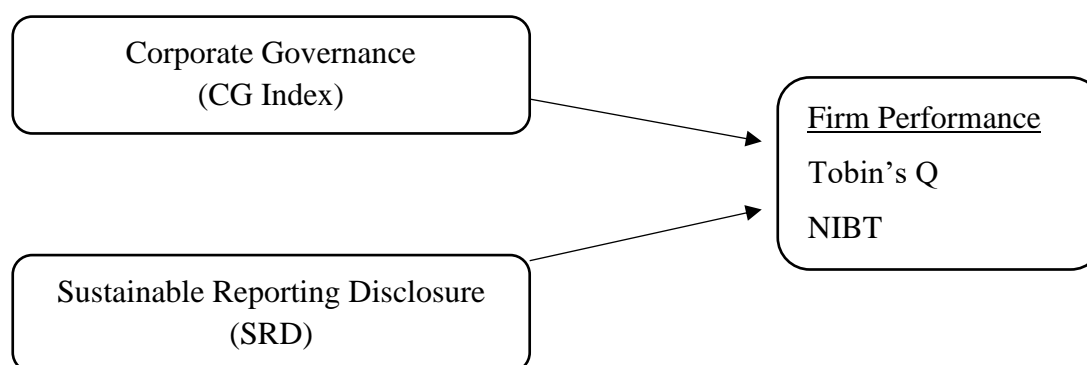
Figure 1: Study Framework

3.2 Sample Selection

As mandated by the study, the Effects of Corporate Governance and Sustainable Reporting on Firm Performance: Evidence from Bangladesh's Pharmaceutical and Chemical Industries, it has been examined 33 companies listed on the Dhaka Stock Exchange (The list of these companies is presented in the appendix section). Despite encountering limitations and the unavailability of annual reports, this study has conducted a comprehensive analysis on a final sample of 26 companies. All the variables and information for these 26 companies were meticulously scrutinized. Table 1 provides a detailed account of the limitations faced during this study, further affirming the thoroughness of this research.

Table 1: Final Sample Construction

Description	Number of Companies
Initial Samples	33
Less: Companies not listed before 2018	(4)
Less: Companies having unavailable annual reports	(3)
Final Sample	<u>26</u>

3.3 Variable definition and measurement

In table 2, the name of the variables and their explanation has given for better understanding of these variables.

Table 2: Variable Definition

Name of Variable	Symbol	Explanation
Tobin's Q	TBQ	Market Value of Equity / Book value of Equity
Net Income Before Tax	NIBT	Amount of Net Income before tax
CC Index	CGI	Corporate Governance Index
Sustainable Reporting Disclosure Index	SRDI	Sustainable Reporting Disclosure Index
Firm Size	FSZ	Firm size in terms of total assets
Leverage	LEV	Leverage refers to total debt/total assets
Return on Asset	ROA	Net Income / Total Assets
Growth	GRT	Firm's percentage growth in a year

3.4 Research Model

This study, which delved into firm performance, made use of two dependent variables: net income before tax (NIBT) and Tobin's Q (Mangena & Tauringana, 2012). NIBT, a mainstay in accounting analysis, covers a wide range of fields, while Tobin's Q, a market perspective tool, provides a different lens. The study employed a robust panel data set in a regression model to test the hypothesis and relationships between the variables. The statistical analysis was conducted using STATA software {Hasan, 2017 #791} (Hasan, Molla, & Khan, 2019). The two research models are presented below:

Model 1: Corporate Governance and Firm Performance

$$TBQ_{it} = \beta_0 + \beta_1 CGI_{it} + \beta_2 SRDI_{it} + \beta_3 FSZ_{it} + \beta_4 LEV_{it} + \beta_5 ROA_{it} + \beta_6 GRT_{it} + \epsilon_{it} \qquad 3.1$$

Model 2: Sustainable Reporting disclosure and Firm Performance

$$NIBT_{it} = \beta_0 + \beta_1 CGI_{it} + \beta_2 SRDI_{it} + \beta_3 FSZ_{it} + \beta_4 LEV_{it} + \beta_5 ROA_{it} + \beta_6 GRT_{it} + \epsilon_{it} \qquad 3.2$$

CHAPTER FOUR: FINDINGS AND ANALYSIS

4.1 Descriptive analysis

The population of this study was constructed from the annual reports from 2018 to 2023 from Bangladesh's pharmaceutical and chemical industry. The total number of firm-year observations is 156. This study has been analysed based on two proxies of profitability named NIBT and Tobin's Q, along with 50 corporate governance indexes and 48 sustainability disclosures. Table 3 refers to the precise descriptive results of the study variables. Firm performance is measured by TBQ, which varies from as low as 0.29 and a maximum of 55.21 with a mean of 5.16. This indicates a wide range of performance levels among the companies. Another measurement is done by NIBT, which also varies from as low as 6.151 to a maximum of 10.324 with a mean of 8.39, suggesting a relatively stable financial performance across the industry. The mean score of ROA is 0.092, and the standard deviation is 0.150, which is lower than the mean and standard deviation score of (Hamid, 2023) which is 0.077 and 0.122, respectively. These findings are significant as they indicate a higher level of financial stability in the pharmaceutical and chemical companies in Bangladesh. Moreover, CGI has minimum score of 0.76 and maximum score of 0.98, with the average of 0.918 and deviation of 0.568. Additionally, SRDI has minimum score of 0.187 and maximum score of 0.479, with the average of 0.319 and deviation of 0.1200.

Table 3: Descriptive Statistics

Variables	Observation	Mean	Standard Deviation	Minimum	Maximum
SL No	156	13.5	7.524155	1	26
Year	156	2020.5	1.713325	2018	2023
TBQ	156	5.162048	8.371596	.2926434	55.21569
NIBT	156	8.397857	.9073606	6.151147	10.32422
CGI	156	.9182051	.0568585	.76	.98
SRDI	156	.3197115	.1200558	.1875	.4791667
FSZ	156	9.711566	.6465982	8.414389	11.04135
ROA	156	.0925039	.1506006	-.8187939	.7239364
GRT	156	.0373034	.2673293	-.94106	1.052649
LEV	156	4.570759	18.58625	.015248	105.7351

4.2 Correlation Matrix and VIF

Correlation analysis is applied to get information about the relationship and the direction of variables. This analysis helps its user to identify the strength of relationships of variables. This study was conducted to reveal the proper relationship between dependent, independent, and control variables. Pearson correlation is applied here to investigate the relationships. Perfect correlation consists of only 1 or -1, and all the relations remain from -1 to +1, indicating a relationship's strength. On the other hand, a 0 correlation indicates no relations (Hasan, Hossain, Rekabder, Molla, & Ashif, 2022; Pallant, 2016). Moreover, to have specific guidance about the study, this study has conducted this analysis on three basic significant levels: significance level 1%, significance level 5%, and significance level 10%. These levels are crucial in interpreting`` the strength and significance of the relationships identified. The relationships identified through correlation analysis are systematically divided into three categories: low (0.10-0.29), medium (0.30-0.49), and high (0.50-0.99) correlation (Pallant, 2016). This categorization provides a clear guide for understanding the strength of the relationships.

According to Table 4: correlation matrix, it can be concluded that, as Tobin's Q (TBQ) is the performance of the market, it has a significant negative relation with the Corporate Governance Index (CGI), though CGI has a significant positive relation with Net Income Before Taxes (NIBT), which refers to a strong CGI in the company may create some positive impact on net profit rather than the market performance. Companies with strong corpo`rate governance may be able to maintain or increase their net profit even in a market downturn. Moreover, the Sustainable Reporting Disclosure Index (SRDI) has a significant positive relation with both TBQ and NIBT. Specifically, it has more impact on TBQ than NIBT, meaning it creates more impact on TBQ. However, the two variables, CGI and SRDI, have significant negative relationships, as these two are entirely two different dimensions. This implies that companies need to balance their focus on corporate governance and sustainable research and development to achieve optimal financial performance. Moreover, as the highest value is 73.18% of the relation between Firm Size and Net income before tax, it can be concluded that there is no problem of multi-collinearity as all the correlations are less than 90% (Hair, Black, Babin, Anderson, & Tatham, 2006; MOLLA, HASAN, MIRAZ, AZIM, & HOSSAIN, 2021){Masum, 2020 #792}{Molla, 2021 #839}.

Table 4: Correlation Matrix

	TBQ	NIBT	CGI	SRDI	FSZ	ROA	GRT	LEV
TBQ	1.0000							
NIBT	0.0410 0.6114	1.0000						
CGI	-0.0604 0.4537	0.4832* 0.0000	1.0000					
SRDI	0.2513* 0.0016	0.1703** 0.0335	-0.0107 0.8946	1.0000				
FSZ	-0.2283* 0.0041	0.7318* 0.0000	0.2463* 0.0019	0.3016* 0.0001	1.0000			
ROA	0.5088* 0.0000	0.4762* 0.0000	0.2406* 0.0025	0.1271 0.1138	0.0568 0.4813	1.0000		
GRT	0.0379 0.6383	0.1916** 0.0166	0.0003 0.9967	0.0987 0.2201	0.0914 0.2565	0.2488* 0.0017	1.0000	
LEV	0.1857*** 0.0203	-0.0005 0.9947	0.0242 0.7643	0.2617* 0.0010	0.1751** 0.0288	-0.0930 0.2482	-0.1118 0.1646	1.0000

Significant at *1%, **5%, ***10% level of significance

TBQ- Tobin'Q; **NIBT**- Net Income Before Tax; **CGI**- Corporate Governance Index; **SRDI**- Sustainability Reporting Disclosure; **FSZ**- Firm size in terms of total assets; **ROA**- Return on assets; **GRT**- Firm's percentage growth in a year; **LEV**- Leverage refers to total debt/total assets.

4.3 Test for normality and autocorrelation
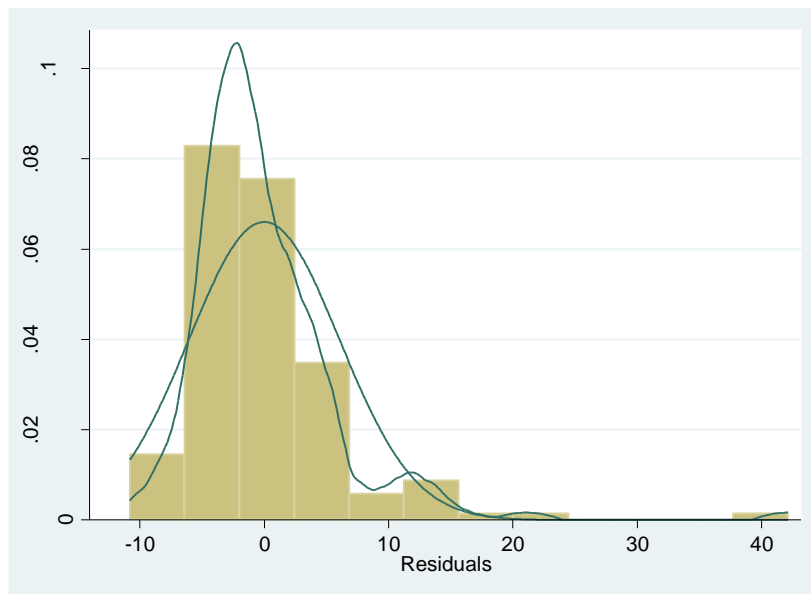
(bin=12, start=-10.8055, width=4.4096117)

Figure 2: Normality of data

From Figure 2, it can be concluded that all the data is normal as the residuals are distributed normally. This thorough analysis, supported by Table 5, where the Jarque-Bera normality test reveals an insignificant p-value, indicating that the null hypothesis is accepted, provides a strong foundation for our findings. Additionally, the Wooldridge test, conducted to identify serial autocorrelation, further supports our results, with an insignificant p-value and the null hypothesis accepted (Hasan, Hossain, Rekabder, Molla, & Ashif, 2022).

Table 6: Auto-correlation

Test Name	Result
Normality test - Jarque-Bera	Jarque-Bera normality test: 1623 Chi (2) Jarque-Bera test for Ho: normality
Autocorrelation in panel data - Wooldridge test	H0: no first-order autocorrelation F (1, 25) = 41.837 Prob > F = 0.0000

4.4 Regression analysis

Regression analysis is a significant statistical tool that helps investigate the relationships of various variables. To analyse a study with this analysis tool, a set of data has to be gathered, and based on those data, a study can identify the relationships of variables. The relationships may be ascertained with positive and negative associations of numbers between -1 and +1, and the results vary significantly or insignificantly (Sykes, 1993). From Table 7, in model 1 Tobin's Q as the direct variable, it can be said that corporate governance has an insignificant relationship with market performance as its relation of coefficient is negative 17.32, which means corporate governance is not directly liable for the firm performance eventually. Additionally, sustainable reporting has a positive impact on the firm performance. As the world is now turning to green energy and sustainable products, this sustainable reporting has significantly impacted overall firm performance. On the other hand, in model 2, Net income before tax (NIBT), corporate governance has been found to have a positive relation, which means that to achieve a certain amount of NIBT, there is a significant role in corporate governance. However, this same positive relation has not been seen in sustainable reporting, which means it has an insignificant relation with NIBT.

Table 7: Regression analysis

Name of the Variables	Model 1 (TBQ as DV)	Model 2 (NIBT as DV)
CGI	-17.32135**	3.591201
SRDI	15.64988*	-0.5040277***
FSZ	-4.3214	0.9601074
ROA	31.47501	2.270055
GRT	-2.144983***	0.1156578***
LEV	0.1050767	-0.0033917**
_cons	54.7189	-4.261406
Mean VIF	11.16587624	0.309742257
Number of Observations	156	156
R-Squared	0.4685	0.7841
*p<0.01, ** p<0.05, *** p<0.1		

Our analysis concludes that a company's focus on maintaining its internal factors can lead to a positive net income result, an accounting performance indicator. Similarly, a company's emphasis on external factors can result in positive results on Tobin's Q, a market performance indicator. However, it is the balanced attention to both internal and external factors that can significantly impact corporate governance and sustainable reporting.

CHAPTER FIVE: CONCLUSION & IMPLICATION

5.1 Conclusion

This study has been conducted with the motivation to find the effects of corporate governance and sustainable reporting on firm performance. This study is conducted based on primary data of Bangladesh's pharmaceutical and chemical industry from the year 2018 to 2023 with the observation of 156. Firm performance has been measured in two perspective one is Tobin's Q from the market perspective and another one is Net income before tax from the accounting perspective. To prove the normality of the data, a test of normality (Jarque-Bera normality test) and auto correlation (Wooldridge test for autocorrelation in panel data) (Molla & Islam, 2023) has been conducted and there are no evidence of multi correlation in the data. For the test, the two testing tools has been used in this research work, one is descriptive analysis and another one is regression analysis. Both of the testing tools has supported both of the hypothesis, which clearly indicates, corporate governance has a significant positive association with firm performance and also, sustainable reporting has significant positive relation with the firm performance (Karaman, Kilic, & Uyar, 2018).

It can be conclude that, corporate governance and sustainable reporting has a positive impact on the firms in pharmaceutical and chemical industry in Bangladesh as of listed in Dhaka stock exchange. Therefore, these firms has to use corporate governance and sustainable reporting more widely to sustain and grow in the market.

5.2 Implication

The implications of this study extend beyond the theoretical. The findings are a practical guide for future research, empowering industry professionals and policymakers in Bangladesh's pharmaceutical and chemical sectors to make informed decisions. This enhances the practical value of our research. Furthermore, the insights from this study can be utilized to update existing regulations and standards, ensuring the safety and effectiveness of pharmaceutical and chemical products in Bangladesh. Equally importantly, the dissemination of our findings through workshops, seminars, and publications will significantly contribute to the advancement of knowledge in these industries.

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APPENDIX

AS 1 List of Companies

No	Name of the Company
1	ACI (ACI Limited)
2	ACIFORMULA (ACI Formulations Limited)
3	ACMELAB (The ACME Laboratories Limited)
4	ACTIVEFINE (Active Fine Chemicals Limited)
5	ADVENT (Advent Pharma Limited)
6	AMBEEPHA (Ambee Pharmaceuticals PLC)
7	BEACONPHAR (Beacon Pharmaceuticals PLC)
8	BXPHARMA (Beximco Pharmaceuticals Ltd.)
9	CENTRALPHL (Central Pharmaceuticals Limited)
10	FARCHEM (Far Chemical Industries Limited)
11	GHCL (Global Heavy Chemicals Limited)
12	IBNSINA (The IBN SINA Pharmaceutical Industry PLC)
13	IBP (Indo-Bangla Pharmaceuticals Limited)
14	JMISMDL (JMI Syringes & Medical Devices Ltd.)
15	KEYACOSMET (Keya Cosmetics Ltd.)
16	KOHINOOR (Kohinoor Chemicals Company (Bangladesh) Ltd.)
17	LIBRAINFU (Libra Infusions Limited)
18	MARICO (Marico Bangladesh Limited)
19	ORIONINFU (Orion Infusion Ltd.)
20	ORIONPHARM (Orion Pharma Ltd.)
21	PHARMAID (Pharma Aids)
22	RECKITTBEN (Reckitt Benckiser (Bangladesh) PLC)
23	RENATA (Renata PLC)
24	SALVOCHEM (Salvo Chemical Industry Limited)
25	SQURPHARMA (Square Pharmaceuticals PLC.)
26	WATACHEM (Wata Chemicals Limited)

AS 2 Corporate Governance Provisions

CG Attributes	No	Corporate Governance Provisions of CGI	{Compliance(1) / Non-Compliance(0)}
Board Characteristics	1	Board Size (Shall not be <5 & >20)	
	2	Independent Directors (at least 1/5th or 20% of total number of directors in the board)	
	3	Appointment of Independent non shareholder director (does not hold any share)	
	4	Qualification of Independent directors (at least one should be professional)	
	5	Independent director should not be connected to company's Sponsor Or Director Or Shareholder who holds >1%	
	6	Independent directors is not the independent director in more than 3 (three) listed companies	
	7	Independent director is not the shareholder, director or officers of any member of Stock Exchange or Intermediary of the capital market.	
	8	The post of independent directors cannot remain vacant for more than 90 days	
	9	The Board shall lay down a Code of Conduct of all Board Members and need to be recorded.	
	10	The tenure of office of an Independent Director shall be for a period of 3 (three) years	
	11	Chairman and CEO are separate (No CEO duality)	
Directors Report to Shareholders	12	Industry outlook and possible future developments in the industry.	
	13	Declare fairness of the financial statements	
	14	Consistent application of Accounting policies	
	15	Compliance with IAS/IFRS (BAS/BFRS)	
	16	Provide assurance for going concern assumption	
	17	Address the risk and concerns of the company	
	18	Provide information of related party transactions	
	19	Key operating information (at least 5 yrs.)	
	20	Explanation for significant deviation in performance (compare, annual or interim financial report)	
	21	Number of Board meetings per year - at least 4	
	22	Number meetings attend by director - at least 50%	
	23	Information about Directors shareholding	
	24	Details about Ownership Structure	
	25	Information about directors appointment or reappointment	

	26	Information about remuneration of directors including independent directors	
	27	Provide assurance about effective internal control system and monitoring	
	28	Declaration of dividend	
Executive Management	29	Policy for appointment of CEO, CFO, HOIA & CS	
	30	Clearly define their role and responsibilities	
	31	Attendance of CFO & CS (shall be present in all board meeting)	
Audit Committee	32	Existence of audit committee	
	33	Audit committee size (at least 3 members)	
	34	Independent directors in audit committee	
	35	Chairman of audit committee shall be an Independent director	
	36	Audit committee members qualification (Chairman should be professional accountant and all of them are financially literate)	
	37	No meeting without Independent directors (at least one should be present)	
	38	Role of audit committee is clearly defined	
	39	Chairman of the audit committee shall remain present in AGM	
	40	Reporting to board of directors and shareholders	
External Auditor	41	Appointment of Big4 affiliated audit firms	
	42	Should not engage in advisory or internal audit services and does not hold any share of firm	
	43	Details policy about auditor's rotation	
Reporting and Compliance	44	Assurance of top management (CEO & CFO) regarding financial statements	
	45	Published audited annual reports on time as specified by SEC (within 120 days from the end of company's fiscal year)	
	46	Compliance certificate of Corporate Governance Guidelines from auditor	
	47	Offer Interim Financial Reporting (Quarterly)	
Progressive Practice	48	Board has more than 20% independent director	
	49	The company has own code of ethics	
	50	Have Institutional shareholders	

AS 3 Sustainable Reporting Provision

No	Reporting Items	{Compliance(1) / Non-Compliance(0)}
Economic Performance		
1	Direct economic value	
2	Financial implications, risks and opportunities due to climate change	
3	Defined benefit plans	
4	Financial assistance from government	
5	Policy and practices on locally-based suppliers	
6	Procedures for local hiring	
7	Development and impact of infrastructure investments and services provided for public benefit	
Environmental Performance		
8	Materials used	
9	Materials used that are recycled input materials	
10	Direct energy consumption	
11	Indirect energy consumption	
12	Total water withdrawal	
13	Land owned, leased, managed in or adjacent to, protected areas and areas of high biodiversity value	
14	Significant impact of activities on biodiversity in protected areas and areas of high biodiversity value	
15	Direct and indirect greenhouse gas emissions	
16	Emissions of ozone-depleting substances	
17	NO, SO and other significant air emissions	
18	Water discharge	
19	Waste	
20	Significant spills	
21	Initiatives to mitigate environmental impact of products and services	
22	Products sold and their packaging materials that are reclaimed	
23	Fines and non-monetary sanctions for non-compliance with environmental laws and regulations	

24	Workforce by employment type, employment contract and region	
25	Employee turnover	
26	Employees covered by collective bargaining agreements	
27	Minimum notice period (s) of operational changes	
28	Injury, occupational diseases, lost days and absenteeism and work related fatalities	
29	Education, training, counselling, prevention and risk-control programmes to assist workforce members, their families or community members regarding serious diseases	
30	Employees' training	
31	Composition of governance bodies and employees breakdown	
32	Basic salary of men to women	
33	Investment agreements with human rights clauses	
34	Suppliers and contractors that have undergone screening on human rights	
35	Incidents of discrimination	
36	Operations in which the right to exercise freedom of association and collective bargaining may be at significant risk	
37	Operations as having significant risk for incidents of child labour	
38	Operations as having significant risk for incidents of forced or compulsory labour	
Society		
39	Programmes that assess and manage the impact of operations on communities	
40	Business units analysed for corruption	
41	Employees trained in anti-corruption policies and procedures	
42	Actions taken in the incidents of corruption	
43	Participation in public policy development and lobbying	
44	Fines and non-monetary sanctions for non-compliance with laws and regulations	
Product Responsibility		
45	Health and safety impact of products and services is assessed for improvement	

46	Type of product and service information required	
47	Programmes for adherence to laws and standards related to marketing communications	
48	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	