

## **Terms of Reference of the Nomination and Remuneration Committee**

### **Regulatory Framework:**

Clause 6 (1) (c) read with the applicable Clauses of Corporate Governance Code of Bangladesh Securities and Exchange Commission require the Board to clearly set forth in writing the duties of the Nomination and Remuneration Committee (NRC).

This Terms of Reference of the Nomination and Remuneration Committee is framed as per the requirements of the aforesaid governance code.

### **Constitution**

The Board has resolved to establish a Committee of the Board to be known as the Nomination and Remuneration Committee. The Nomination and Remuneration Committee assists the Board in fulfilling its oversight responsibilities in respect of:

- Formulation of nomination criteria for appointment of directors, chief executives and other top level executives;
- Formulation of remuneration policy for the directors and top level executives;
- Devising policy on Boards diversity;
- Formulation of Policy on Evaluation of performance of the Board of Directors, Committees and individual Directors;

### **Membership**

- The membership of the Committee is as appointed by the Board from time to time from amongst the non-executive directors;
- The Committee comprises of three members including Independent Directors;
- The Independent Directors will be appointed by the Board and approved by the shareholders for a term of three years and term can be extended for another three years. A former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years];
- Except Independent Director the membership of other directors is subject to annual re-election by the shareholders;
- The Committee has a Chairman selected by the Board who shall be an Independent Director.
- When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower

than the prescribed number, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 180 days from the date of vacancy(ies) in the Committee.

- The members of the committee can be changed/removed at the discretion of the Board of Directors at any time.

### **Secretary**

The Company Secretary shall act as the Secretary of the Committee.

### **Meetings**

- The Committee meets at least once in a year, with authority to convene additional meetings as circumstances require;
- Meetings are convened by written notice served on each of the members by the Secretary of the Nomination and Remuneration Committee, such notice to be served at least two days prior to the meeting;
- All members of the Committee are expected to attend each meeting;
- The quorum necessary for the transaction of business shall be two Committee members, the quorum of the Nomination and Remuneration Committee meeting shall not constitute without presence of at least 1(one) independent director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, duties and discretions vested in or exercisable by the Committee;
- Meetings of the Committee may be attended by the Chairman, MD and CXO's, HR executives and outside expert at the invitation of the Committee;
- In the absence of the Committee Chairman the remaining members shall elect any of them present to chair the meeting;
- Formal decisions are made by a simple majority vote, with the Chairman of the meeting holding a casting vote; and
- The Secretary shall be responsible, in conjunction with the Chairman of the Committee, for compiling and circulating the agenda and papers for the meeting. The Secretary will also be responsible for liaising with the Executive Team to ensure that all papers, reports etc. required by the Committee are forwarded to them in a timely manner.

### **Minutes of Meetings**

- The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.



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- Conflicts of interest must be declared by Committee members at the beginning of meetings and the Secretary should record any such declaration in the minutes.
- The Committee Secretary shall promptly circulate draft meeting minutes to the Committee Chairman for review and subsequently to all members of the Committee. Meeting minutes shall be confirmed at the next meeting of the Committee and tabled as soon as practicable thereafter at a meeting of the Board.

### **Annual General Meeting**

The Committee Chairman shall present at the Annual General Meeting and respond to any questions regarding the Committee's activities at the Annual General Meeting of the Company's Shareholders.

### **Duties & Responsibilities**

NRC shall oversee, among others, the following matters and make report with recommendation to the Board:

- (i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
  - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
  - b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
- (iv) formulating the criteria for evaluation of performance of independent directors and the Board;
- (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- (vi) developing, recommending and reviewing annually the company's human resources and training policies;

## Reporting Responsibilities

- The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

## Others

The Committee shall also:

- Review annually its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- Undertake any other projects relating to its remit which it considers appropriate or as requested by the Board.

## Authority

The Committee is authorized by the Board:

- To seek any information it requires from any employee of the company in order to perform its duties;
- To obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- To call any employee to be questioned at a meeting of the Committee as and when required; and
- To gain unrestricted access to all books and records of the Company.

