

**NRC of PICL**  
**Terms of Reference of the NRC &**  
**Nomination & Remuneration policy of the Company**

**Summary:**

The terms of reference (TOR) of the nomination and remuneration committee prepared based on the provision stipulated in the condition no 6(5) (a) (b) of the corporate governance code. Few of the references used in the code and policy were revised in this section due to the requirements of the aforementioned conditions.

**Constitution of Nomination and Remuneration Committee (NRC):**

The NRC will be constituted in line with the following terms and condition as per Corporate Governance Code dated June 3, 2018 issued by the Bangladesh Securities and Exchange Commission vide Gazette notification dated June 10, 2018:

- (a) The Committee shall comprise of at least three members including an independent director; Provided that for the purpose of PICL the NRC shall comprise of 6 (six) members including an independent director.
- (b) All members of the Committee shall be non-executive directors;
- (c) Members of the Committee shall be nominated and appointed by the Board;
- (d) The Board shall have authority to remove and appoint any member of the Committee;
- (e) In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the committee.
- (f) Chairperson in the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;
- (g) The company secretary shall act as the secretary of the Committee;
- (h) The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;
- (i) No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.

**Composition of the NRC Committee:**

01.	Mr. Md. Nurul Islam Mollah	Chairman
02.	Dr. Mohammad Sahadet Hossain, Ph D	Member
03.	Mr. Salim Mahmud	Member
04	Mr. Imran Hasan	Member
05.	Mr. Md. Masud Hawlader	Member
06.	Mr. M. Nurul Alam FCS	Member
07	Mr Ashaduzzaman	Member

## **Purpose**

The purpose of the Nomination and Remuneration Committee (the "Committee") shall be to carry out the responsibility of the Board of Directors relating to executive compensation and to produce an annual report on executive compensation. The guiding principle of the Committee is to provide a compensation program that enables the Company to retain and motivate a team of high quality executives who will be able to create long-term shareholder value.

## **Role of the NRC:**

In consonant with the Corporate Governance Code dated June 3, 2018 issued by the Bangladesh Securities and Exchange Commission vide Gazette notification dated June 10, 2018 the **Role of the NRC are as follows:**

- (a) NRC shall be independent and responsible or accountable to the Board and to the shareholders;
- (b) 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;
- (c) The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.

## **Chairperson of the NRC**

- (a) The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;
- (b) In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular duly recorded meeting, in the minutes;

(c) The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

**Meeting of the NRC**

- (a) The NRC shall conduct at least one meeting in a financial year;
- (b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;
- (c) The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); But in case of PICL the quorum shall be in presence of three members including an independent director.
- (d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.

**Attendance at Meeting:**

No one other than the Nomination and Remuneration committee members shall be entitled to attend Nomination and Remuneration committee meetings. Only members of the committee have the right to attend committee meetings. However, the committee may invite executives/employees to attend meetings of the committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary. The Chief Executive Officer, the Head of Human Resources and where relevant the appropriate external advisers, may attend meetings of the Committee by invitation.

**Frequency of Meetings:**

The Committee shall meet at least once or as and when required in a year at appropriate intervals and otherwise as required. The Committee may consider Succession Planning, with other meetings held as required.

The frequency with which the committee needs to meet will vary depending on the nature, scale and complexity of the company and may change from time to time. The Guidance states that it is for the NRC Chairperson who will decide the frequency of meetings. For the said purpose the NRC Chairperson make give necessary directions and instructions to the Company Secretary or Managing Director/CEO and may seek any assistance.

Outside formal meeting program, the Committee Chairperson will maintain a dialogue with key individuals involved in the company's governance, including the board Chairperson, the chief executive, the director, the external expert and/or lead partner and the head of HR, Admin and Compliance.

The minutes of all Committee meetings shall be circulated to members of the Board.

The Chairperson will call a meeting of the Committee if so requested by any Committee member or the Chief Financial Officer of the Company.

**Quorum:**

- o The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h). But in case of PICL the quorum shall be in presence of three members including an independent director.

**Committee Secretary:**

The Company Secretary shall be the Secretary to the Committee and shall be responsible for minuting the proceedings of all meetings of the Committee.

The Secretary or his or her nominee shall act as the secretary of the committee and will ensure that the committee receives information and O papers in a timely manner to enable full and proper consideration to be given to issues.

In this regard, it is the Secretary's responsibility to ensure that the board and its committees are properly constituted and advised, and that there is clear co-ordination between the board and the various committees.

**Annual General Meeting:**

The Committee Chairperson shall attend the Company's Annual General Meeting and be prepared to respond to shareholder questions on the Committee's activities.

**Notice Meeting:**

Meetings of the committee shall be convened by the Secretary of the committee or at the request of any of its members, if they consider it necessary.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than [Three] working days before the date of the meeting or if all the members agree then meeting may be called by giving notice of any shorter period. Supporting papers shall be sent to the committee members and to other attendees as appropriate at the same time.

**Minutes of Meetings:**

The secretary shall prepare minute, the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance. Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so in the opinion of the committee Chairperson.

**Procedure:**

The Committee may ask members of management or others to attend Committee meetings and provide pertinent information when needed. Two O members of the Committee will constitute a quorum with a majority of votes of those Committee members present at a meeting in which a quorum has been

established being sufficient to adopt a resolution or otherwise take Vetted action. The Committee may delegate any of its responsibilities to subcommittees as the Committee may deem appropriate.

#### **Nominations & Dismissals:**

a. The Committee shall review the structure, size and composition (including the skills, knowledge, independence, experience and diversity) of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary.

b. The Committee shall evaluate the balance of skills, knowledge and experience on the Board before an appointment is made and based on such evaluation shall prepare a description of the role, capabilities and time commitment required for a particular appointment.

c. The Committee shall keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace.

d. The Committee shall be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise. In identifying suitable candidates for any appointment, the Committee shall use open advertising and/or external advisers to facilitate the search, will consider candidates from a wide range of backgrounds and must consider candidates on merit and against objective criteria, and with due regard to the benefits of diversity on the Board, including gender, and taking particular care to ensure that candidates have adequate time available to devote to the position.

e. The Committee shall also consider in respect of the Executive Directors and Corporate Officers: (i) proposals for their appointment, re-appointment or promotion (including the term of such appointment or re-appointment): and

(ii) any proposal for their dismissal or non-reappointment or any substantial change in their duties or responsibilities or the term of their appointment. The Committee shall consider proposals for the appointment, reappointment (including the term of such appointment) or retirement of the Chairperson of the Board, Deputy Chairperson, Senior Independent Non-Executive Director and other Non-Executive Directors.

f. For the appointment of a Chairperson, the Committee shall prepare a job specification, including the time commitment expected. A proposed Chairperson's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairperson's commitments should be reported to the Board as they arise.

g. The Committee shall make recommendations concerning:

(i) suitable candidates for the role of Senior Independent Director;

(ii) membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the Chairperson of those committees:

(iii) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an Executive Director as an employee of the Company; and

(iv) the appointment of any Director to executive or other office.

**Succession Planning:**

- a. The Committee shall review the management's Succession Plan to ensure its adequacy, taking into account the challenges and opportunities facing the Company and accordingly what skills will be needed on the Board in the future.
- b. The Committee shall also review succession planning in the wider context of the Board as a whole.
- c.

**Board Committee membership:**

- a. The Committee shall recommend to the Board, after consultation with the respective Committee Chairperson, appointments to Board Committees as necessary.
- b. For both existing members of the Board and potential new appointments, the Committee will take into consideration other nonexecutive and executive director positions held to ensure the individual is able to allocate sufficient time to the role in question.
- c. The Committee shall consider and, if appropriate, authorize O situational conflicts of interest of directors or potential directors. The Committee shall review the authorizations that have been given from time to time, but at least annually. In addition, the Committee shall review any authorization that has been given in light of any change in circumstances of which it becomes aware that may affect such authorizations.
- d. Prior to the appointment of a Director, the Committee shall ensure that the proposed appointee is required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

**Duties and Responsibilities:**

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

**Responsibility to the Board of Directors**

- (a) The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;
- (b) The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;
- (c) The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b).

**Authority:**

The Committee is authorized to undertake such work as is necessary to make recommendations for approval by the Board and is authorized to seek any information it requires from any employee or the Company in order to perform its duties.

The Committee is authorized to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

**Reporting Responsibilities:**

The Nomination and Remuneration Committee is an arm of, and responsible to, the Board of Directors to which it directly reports. The Committee is responsible for periodically updating the Board of Directors about Committee activities and making appropriate recommendations.

**Corporate Governance Compliance:**

- a. Ensuring that a corporate governance code of Business Conduct is established and periodically reviewed;
- b. Reviewing policies on sensitive issues or practices such as environmental issues;
- c. Reviewing policies to avoid conflicts of interest and reviewing past or proposed transactions between the Company and members of management and Company Directors; and
- d. Reviewing the Committee Terms of Reference.

**Performance Appraisal, Review and Reporting Procedures:**

- i. The Committee shall review at least 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.
- ii. The Committee's Report on its activities to be included in the Company's Annual Report shall detail the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- iii. The Report referred to above should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- iv. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

**Resources and Training:**

- I. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company's Secretariat for assistance as required.
- II. The Committee shall be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members.

**Remuneration Policy:**

Remuneration Policy of the company will be disclosed in the annexure 3 of the NRC Code of Conduct.



**Conflicts of Interest:**

Members/Directors must avoid conflicts of interest with Prime Insurance Company Limited ("the Company"). A conflict of interest occurs when but not limited to:

1. A Director's private interests interfere in any way, or can reasonably be expected to interfere in any way, with the interests of the Company;
2. A Director or a member of his or her immediate family receives an improper personal benefit as a result of the Director's position as a Director of the Company; or
3. A Director has other duties, responsibilities or obligations that run counter to his or her duty to the Company.

A Member/Director must immediately disclose to the Chairperson of the Committee and the Chairperson of the Committee at any situation that involves, or may reasonably be expected to involve, a conflict of interest. While this Code does not attempt to describe all possible conflicts of interest that could arise, the following are some of the conflicts of interest that Directors must avoid:

-Receiving loans or guarantees of obligations as a result of one's position as a Director;

Engaging in conduct or activity that improperly interferes with the Company's existing or prospective business relationships with a third party; -Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company: and

Accepting, or having a member of a Director's immediate family accept, a gift from persons or entities that deal with the Company, in cases where the O gift, considered in light of the totality of the circumstances, would reasonably be expected to influence the Director's actions as a member of the Board.

**Business Relationships with Members/Directors:**

Any direct or indirect monetary arrangement member for the goods and services between a Member/Directors or a member of the Member's/Director's immediate family and the Company or a member of the Company's senior management must be approved by the Board of Directors.

**Such approval shall not be required where:**

1. The interest of the Director or family member is solely due to such person's status as a Director or the collective ownership by the Director and his or her family members of less than a 10% equity interest in the entity with which the Company has concluded such an arrangement;
2. Neither the Director nor a member of his or her immediate family is personally involved in
3. the negotiation or execution of the arrangement;
4. the performance of services or provision of goods pursuant to the arrangement; or
5. the monetary aspects of the arrangement.

### **Use of Corporate Information, Opportunities and Assets:**

Members/Directors may not compete with the Company or use opportunities that are discovered through the use of company information or their position with the Company for their own personal benefit or for the benefit of persons or entities outside the Company. Directors may not waste or improperly use any Company asset.

Company's Chairperson and any employee, officer, director or advisor to Prime Insurance Company Limited and its affiliated entities who also serves as an officer or Director of the Company (each a "Covered Party") are not prohibited from, and the Company has renounced any interest or expectancy in, or being offered an opportunity to participate in, any investment opportunities in Securities that may come to the attention of any Covered Party other than:

- I. Investment opportunities that come to such Covered Party's attention O directly and exclusively in such Covered Party's capacity as director, officer or employee of the Company;
2. Control investments in companies in the mass merchandising, retailing, commercial appliance distribution, product protection agreements, residential and commercial product installation and repair services and automotive repair and maintenance industries;

### **Confidentiality:**

A Director may never use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company. Directors shall not disclose Confidential Information outside the Company either during or after their service as a Director of the Company, except with the express or implied consent of the Board or as required by law.

Pursuant to their fiduciary duties of loyalty and care, Directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information. Accordingly-

- (i) No Member/Director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and
- (ii) No Member/Director shall disclose Confidential Information outside the Company, either during or after his or her service as a Director of the Company, except with authorization of the Board of Directors or as may be otherwise required by law.

"Confidential Information" means all non-public information entrusted to or obtained by a Director by reason of his or her position as a Director of the Company. It includes, but is not limited to, non-public information that might be useful to competitors or harmful to the Company or its customers if disclosed. such as:

Non-public information about the Company's financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock repurchases and divestitures;

Non-public information concerning possible transactions with other companies or information about the Company's customers, suppliers or O joint venture partners that the Company is under an obligation to maintain as confidential; and Non-public information about discussions and deliberations relating to business issues and decisions between and among employees, officers and Directors.

**Waiver:**

Waivers of a provision of this Code can only be made by the Board of Directors, and shall be granted only in very exceptional circumstances. The Company shall disclose any such waiver and the reasons for it, in accordance with legal and regulatory requirements. A Member/Director who becomes aware of a circumstance that may require a waiver shall promptly bring the circumstance to the attention of the Chairperson of the NRC.

As a legendary company in the cement sector, Prime Insurance Company Limited is committed to demonstrating the high standards of ethical behavior expected by its valuable customers worldwide, shareholders, employees and other stakeholders. The Committee and the Board of Directors is accountable for establishing the framework that creates the culture of integrity. The Board's NRC specifically oversees compliance by the company and its employees with laws, regulations and the company's policies. Board members are responsible for complying with laws and regulations, including insider trading rules relating to securities transactions and reporting as well as avoiding behavior that might compromise the company's success. While no policy can anticipate every O situation, the following Code of Conduct serves as ethical decision-making guidelines for the Board. Each director should comply with the letter and spirit of this Code of Conduct.

**Publication of Terms of Reference:**

These Terms of Reference shall be made available on the Company's website.

## **Nomination and Remuneration Policy of Prime Insurance Company Ltd.**

### **Summary:**

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel (SMP) and other employees has been formulated in terms of the provisions of the Companies Act, 1994 and Listing Regulations- 2015, Corporate Governance Code 2018 and other laws enacted by the regulators from time to time, in order inter-alia to pay equitable remuneration to Directors, Key Managerial Personnel (KMP) and Executive/other employees of the Company.

This policy shall act as guidelines on matters relating to the remuneration, election, appointment, co-option, selection and assortment of the Directors, Key Managerial Personnel and Senior Management and other employees of Prime Insurance Company Ltd.

Nomination and Remuneration Committee shall govern the following:

The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;

The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executives;

The Terms of Reference (TOR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).

### **Constitution of the NRC:**

(a) The Committee shall comprise of at least three members including an independent director; Provided that for the purpose of PICL the NRC shall comprise of 6 (six) members including an independent director.

(b) All members of the Committee shall be non-executive directors;

(c) Members of the Committee shall be nominated and appointed by the Board;

(d) The Board shall have authority to remove and appoint any member of the Committee;

(e) In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;

(f) The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;

(g) The company secretary shall act as the secretary of the Committee;

(h) The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;

(i) No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.

**Chairperson of the NRC:**

- (a) The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;
- (b) In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;
- (c) The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be vetted selected to be present in the annual general meeting (AGM) for answering the shareholder' s queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

**Meeting of the NRC:**

- (a) The NRC shall conduct at least one meeting in a financial year;
- (b) The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;
- (c) The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h); But in case of PICL the quorum shall be in presence of three members including an independent director.
- (d) The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.

**Role of the NRC**

- (a) NRC shall be independent and responsible or accountable to the Board and to the shareholders;
- (b) NRC shall oversee, among others, the following matters and make O 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 Vetted 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;
- (c) The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.

### **Criteria for selection of candidates for membership on the board of directors, KMPs and senior management personnel:**

#### **General Criteria**

- i. A person to be appointed as Director should possess adequate qualification, expertise and experience for the position he/ she is considered for the appointment by election, selection, appointment, co-option and such other process prescribed by the O Companies Act 1994, Insurance Act 2010 and rules under insurance act are effective for the time being, rules and regulations imposed by the regulators from time to time for the purpose of appointment of directors and rules of Memorandum & Articles of Associations of the company etc.
- ii. KMP or senior management should possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

Further, person to be appointed/re-appointed as director should:

- be an individual of the highest integrity and have an inquiring mind, a willingness to go into details and the ability to work well with others;
- be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper performance of the responsibilities of a director;
- be willing and able to devote sufficient time to the affairs of the Company and be diligent in fulfilling the responsibilities of a director and Board committees' member; and – have the capacity and desire to represent the best interests of the stakeholders as a whole.
- not be disqualified under the provisions of the Companies Act, 1994 and applicable rules and regulations.

#### **Specific Criteria**

In addition to the aforesaid, the Nomination & Remuneration Committee may, if it deems it advisable from time to time, develop specific criteria outlining the qualification, skills, experience, expertise, backgrounds, and other characteristics that should be represented on the Board to enhance its effectiveness. Any such criteria should take into account the particular needs of the Company based on its business, size, ownership, growth objectives, community, customers and other characteristics and should be adjusted as these Company characteristics evolve.

**Remuneration Policy for Directors:**

The remuneration policy of the Company reflects the Company's objectives for good corporate governance as well as sustained long- term value creation for shareholders and guided by a common reward framework and set of principles and objectives as more fully and particularly envisaged under corporate governance code 2018, inter-alia principles pertaining to determining qualifications, positive attributes, integrity and independence etc. Remuneration policy of Prime Insurance Company Ltd will be based on general criteria of-

1. Levels of remuneration should be sufficient to attract, retain, and motivate the person constitution the Executives needed successfully to run the company and its subsidiaries but not paying more than is necessary for this purpose.
2. The component parts of the remuneration packages and the benefit schemes for the executive should be designed to encourage the executive to meet the objectives of the company and the group.
3. There should be established a formal and transparent procedures for developing policy on executive remuneration and for fixing the remuneration package of the individuals within the executives.
4. The company's annual report should contain an annual remuneration report containing all information required to be disclosed under legislation, good corporate governance practices including details of the remuneration of each director of the company.
5. Senior remuneration administration should operate on a best practice basis.
6. The Executives should be fairly rewarded for individual contributions to the overall performance of the company.

**Independent Directors' Remuneration:**

Independent Directors are the Non-Executive Directors of the company. Independent directors of the Board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Insurance Development and Regulatory Authority (IDRA). Independent directors shall not be entitled to any fixed or monthly salary or other remuneration or office of the profit.

**Non-Executive Directors' Remuneration:**

Non-executive directors of the board shall be entitled for sitting fees for attending the meetings of the Board or committees thereof. The sitting fee will be as fixed by the Insurance Development and Regulatory Authority (IDRA). Non-Executive directors shall not be entitled to any fixed or monthly salary or other remuneration or office of the profit.

**Executive Directors' Remuneration:**

At the time of appointment or re-appointment of the Executive Directors including CEO of the Company i.e. Whole-time Director, Paid Director as defined in the Companies Act, 1994 by whatever name may

be called (hereinafter known as Executive Directors) shall be paid such remuneration t/etted as may be proposed by the Nomination & Remuneration Committee and subsequently approved by the Board of Directors within the overall limits prescribed under the Companies Act, 1994, Insurance Act and rules/regulations including rules of Bangladesh Securities and Exchange Commission (BSEC).

CEO however appointed and play the role of the Managing Director here is called as Executive Director of the company, the NRC shall follow the regulation of IDRA enacted for the appointment and removal of the CEOs' of insurance companies. The CEO, if designated as the Managing Director of the company shall follow the rules regarding companies Act 1994 and be

ratified by the shareholder in the general meeting within stipulated time mentioned in the companies Act 1994.

- i. The remuneration shall be subject to the approval of the Members of the Company at its General Meeting, wherever required under the provisions of the Companies Act, 1994 and rules made there under or under the provision of any other laws as may be applicable.
- ii. The remuneration of the Executive Directors is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retrial benefits. The variable component comprises performance bonus and may include:

- Short-term incentives, based on the achievement of a number of individuals, pre- defined financial and strategic business targets recommended by the Committee.

- Long-term incentives in the form of stock options, promoting a balance between short-term achievements and long-term thinking. The Directors shall be eligible to participate in the stock options only subject to the compliance of the conditions under the provisions of the Companies Act, 1994, Listing Regulations and the other Rules/ Regulations as prescribed by the Bangladesh Securities & Exchange Commission (BSEC) in this regards. - Pension contributions, made in accordance with applicable laws and employment agreements.

- Severance payments in accordance with termination clauses in employment agreements and subject to the provisions of the Companies Act, 1994 and other applicable laws.

- In determining the remuneration the Nomination & Remuneration Committee shall ensure/ consider the following:

- (a) Remuneration shall be evaluated annually against performance and a benchmark of National Financial Institutions which in size and complexity are similar to Prime Insurance Company Ltd.

- (b) Balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals.

- (c) Responsibility required to be shouldered by the Executive Directors, the industry benchmarks and the current trends.

- (d) The Company's performance vis-à-vis the annual budget achievement and individual performance vis- à-vis the key performance indicators.

(iii) Minimum remuneration to Executive Directors:



If, in any financial year, the Company has no profits or its profits are inadequate, the company shall pay remuneration to its Executive Directors in accordance with the provision of the Companies Act, 1994 and rules made there under.

**Remuneration Policy for the Key Managerial Personnel, Senior Management Personnel and Executive/other employees:**

The Key Management Personnel (KMP), Senior Management Personnel (SMP) and Executive/other employees (more fully defined in the interpretation clause) of the Company shall be paid monthly remuneration as per the Company's HR policies and/ or as may be approved by the Committee (NRC).

In determining the remuneration to Key Managerial Personnel, Senior Management Personnel and Executive/other employees the following shall be considered:

1. the relationship of remuneration and performance benchmark is clear;
2. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
3. the Company shall follow a compensation mix of fixed component and variable component. Fixed Component comprises salaries, perquisites and retirement benefits and a variable component Vested comprises performance bonus and may include:
4. Short-term incentives, based on the achievement of a number of individual, pre- defined financial and strategic business targets.
5. Long-term incentives in the form of stock options, promoting a balance between short- term achievements and long-term thinking, in accordance to various applicable laws.
6. Pension contributions, made in accordance with applicable laws and employment agreements.
7. Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework. The remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual's performance, industry benchmark and current compensation trends in the market. The Benchmark information is obtained from nationally recognized compensation service consultancies, insurance business regulators and other stakeholders, whenever required.
8. levels of remuneration should be sufficient to attract retain and motivate the persons constitution the executive needed successfully to run the company and its subsidiaries but not paying more than is necessary for this purpose
9. The component parts of the remuneration packages and the benefit schemes for the executive should be designed to encourage the executive to meet the objectives of the Company.
10. There should be established a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of the individuals within the executives.
11. The Company's annual report should contain an annual remuneration report containing all information required to be disclosed under legislation good corporate governance practices including details of the remuneration of each director of the Company

12. The executive should be fairly rewarded for their individual contributions to the overall performance of the company
13. The interest of the Company's shareholders and to the financial and commercial health and capability of the Company being taken into account in incentive packages-
14. A demonstration that the increase/decrease complies with the overall remuneration strategy of the Company.
15. A demonstration that in light of the particular business's unit and the company as a whole the award is affordable.
16. Full reasons to support the award to include-
  - i. the provision of internal and external comparative;
  - ii. the nature of the work being undertaken by the member of the executive;
  - iii. the range and weight of responsibilities held by the member of the executives;
  - iv. the performance of the individual member of the executive in each case;
  - v. the performance of any business unit under the executive direction if applicable;
  - vi. any other pertinent factors.