

Terms of Reference (TOR) of Nomination and Remuneration Committee (NRC) of Meghna Insurance Company Limited

1. Purpose

A Nomination and Remuneration Committee (NRC) is a sub-committee of the Board of Directors. 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

The Terms of Reference (TOR) of the Nomination and Remuneration Committee (NRC) is framed as per Corporate Governance Code, 2018 of the Bangladesh Securities and Exchange Commission (BSEC) [Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018].

2. Constitution of the NRC

- a) The Committee shall comprise of at least three 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.
- j) The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;
- k) 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;
- l) The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders. 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.

3. 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) of Corporate Governance Code, 2018;
- 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.

4. 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 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.

5. Conclusion

This document is applicable for all concerned with immediate effect. The Board shall have the authority to make amendment to this document at any time.