

Simtex Industries Limited

Terms of Reference for the Nomination and Remuneration Committee

1. Background and purpose

The Nomination and Remuneration Committee (the “Committee” or “NRC”) is established as a Sub Committee of the Board of Directors (the “Board”) of Simtex Industries Limited (the “Company”). The Committee shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experience and independence of directors and top level executive as well as a policy for formal process of considering remuneration of Directors and Top Level Executives.

Bangladesh Securities and Exchange Commission (BSEC) has issued a notification regarding Corporate Governance Code [Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June 2018]. The conditions of the Corporate Governance Code are imposed on ‘comply’ basis aiming to enhance Corporate Governance for the interest of investors and the capital market. The companies listed with any stock exchange in Bangladesh shall comply with these conditions. As per Condition 6 of the said code, “every listed company shall have a Nomination and Remuneration Committee as a sub- committee of the Board of Directors and the duties of the Nomination and Remuneration Committee shall be clearly set forth in writing”.

In view of the above, the Board of Directors of Simtex Industries Limited has approved the Terms of Reference (TOR) for the Nomination and Remuneration Committee in the Board Meeting held on April 29, 2019.

2. Purpose

The Board of Directors of Simtex Industries Limited shall constitute, and reconstitute from time to time, a Nomination and Remuneration Committee as 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 and Top-level Executives.

The Nomination and Remuneration Committee shall be responsible to the Board of Directors and shall be responsible for performing the duties set forth below.

3. Composition 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 quorum of the NRC meeting shall not constitute without attendance of at least an independent director;
- h) 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.

4. 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 member 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;
- d) 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 shareholders' queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.

5. 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);
- 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.

6. Role of 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;
 - ii. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - iii. the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iv. 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.
 - v. devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
 - vi. 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 or removal from the board;
 - vii. formulating the criteria for evaluation of performance of independent directors and the Board;
 - viii. identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
 - ix. 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.

7. Duration of appointments of the Members of the NRC

Unless otherwise determined by the Board, the duration of appointments of Non-Executive members of the committee shall be for a period of up to three years which may be extended by the Board for an additional tenure (three years).

8. Secretary of the NRC

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

9. Conduct of Business of the Meetings of the NRC

The Committee shall conduct its business as it thinks fit, Decisions of the committee shall be by majority decision. In the case of an equality of votes, the Chairman of the committee shall have a second or casting vote. Save as otherwise required by these terms of reference or agreed by the committee, all provisions relating to the conduct of

business of the Board in articles of association from time to time of the Company shall equally apply to the conduct of business of the Committee.

10. Attendance of Meetings of the NRC

Attendance of Meeting of the NRC only members of the committee shall have the right to attend meeting of the committee. Other individuals such as the Managing Director & CFO, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

11. Reporting of the NRC

- a) The Committee Chairman shall report formally to the Board on the Committee's proceedings after each meeting;
- b) The Committee shall, once a year, reform/review/consider its own performance, membership and terms of reference to ensure it is operating at maximum effectiveness and shall recommend any necessary changes to the Board for its approval;
- c) The Committee shall make any recommendations to the Board it deems appropriate on any areas within its terms of reference where action or improvement is needed;
- d) The Chairman of the Committee shall work and liaise as necessary with other committees of the Board.

12. Meetings and Minutes of the Committee

Meetings of the NRC Committee and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

13. Annual General Meeting

The Chairman of the Committee shall attend the Company's Annual General Meeting to answer shareholders' questions about the Committee's activities.

14. Terms of Reference

The Committee shall time to time review its Terms of Reference in line with the regulatory requirement and may recommend to the Board any amendments to its Terms of Reference.

Approved by the Board on April 29, 2019.