

Northern Islami Insurance Limited
Code of Conduct of Nomination and Remuneration Committee (NRC)

1. Preamble

This code of conduct as determined by the NRC of Northern Islami Insurance Limited is prepared to meet legal requirements as required by the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 by Bangladesh Securities and Exchange Commission. This code of conduct for the Members of the Board as recommended by the Nomination & Remuneration Committee (NRC) hereinafter appearing,

- 1) This policy may be called the Code of Conduct of Nomination and Remuneration Committee of Northern Islami Insurance Limited (NIIL); and
- 2) It shall come into force immediately.

2. Definitions

- (a) Board means the Board of Directors of the company;
- (b) Director means a Director appointed to the Board of the company under the definition in Companies Act, 1994;
- (c) “Managing Director” or “Chief Executive Officer” shall have the meaning as defined in Companies Act, 1994 and Insurance Act, 2010;
- (d) “Code of Conduct” or “this Code of Conduct” means the Nomination and Remuneration Policy of the company;
- (e) Key/Top level executive means: Top level executive includes Managing Director or Chief Executive Officer (CEO), Additional or Deputy Managing Director (Addl, MD or DMD), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent position and same level or ranked or salaried officials of the company;

3. Constitution

1.0 Chairperson

- a. One member of the NRC is to be Chairperson of the Committee appointed by the Board, 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 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.

2.0 Membership

- 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.

3.0 Secretary

- a. The company secretary shall act as the secretary of the Committee;

4.0 Proceeding of Meeting

1) Frequency of Meetings

- 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;

2) Quorum

- a. 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;
- b. The quorum of the NRC meeting shall not constitute without attendance of at least any independent director;

3) Meeting Fees

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) Minutes of Meeting

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

Role of the NRC are made with the conformity of the Corporate Governance Code, 2018 issued by the BSEC and according to the Board of Directors of the company, these are as follows;

- 1) NRC shall be independent and responsible or accountable to the Board and to the shareholders;
- 2) NRC shall oversee, among others, the following matters and make report with recommendation to the Board;
 - a. 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;
 - i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - ii) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii) 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;
 - b. devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
 - c. indentifying 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;
 - d. formulating the criteria for evaluation of performance of independent directors and the Board;
 - e. indentifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
 - f. analyzing, monitoring, developing, recommending and reviewing annually the company's human resources and training policies;

- 3) Determining whether to extend or continue the term of appointment of the independent director, based on the report of performance evaluation of Independent Directors;
- 4) Determining compensation level payable to the Senior Management personnel and other staff as determined necessary, which shall be market related, usually consisting of a fixed and variable component;
- 5) Performing such other activities as may be delegated by the Board and/or by any other competent regulatory authority.

5. Remuneration

- a) Remuneration of Executive Director:
NRC shall recommend to the Board, remuneration of Executive Directors subject to approval by the members and such other approvals, as may be necessary while recommending remuneration, the NRC shall consider various factors such as qualifications, experience, position, leadership qualities, prevailing remuneration in the industry, volume of the company's business and profits earned by it and the responsibilities shouldered by the director concerned. Directors shall be paid sitting fees for attending the meeting of the Board and its committees. The committee shall keep in mind the following criteria that the remuneration is aligned with market when compared to relevant peer companies and under standable and valuable to the talent the company which to attract, motivates engage and retain.
- b) Remuneration of the Non-Executive Director/Independent Directors:
 - i) Sitting Fees for meeting shall be paid for attending meetings of the Board and its committees, provided that the same shall not exceed the maximum amount provided that the same shall not exceed the maximum amount provided by the competent authority.
 - ii) The Board may at its discretion revise the sitting fees payable to the Non-Executive/Independent from time to time.

6. Remuneration for other employees

The Managing Director and/or whole-time Director with the consent or empowered by the articles of the company shall jointly or severally, decide and approve and/or delegate authority, from time to time, to the Human Resource Department or such other officials of the company, as they may deem fit, to decide and approve the terms and conditions of the employment including payment of remuneration of the employees other them Executive/Non-Executive Directors and Top Management Personnel (TMP) of the company.

7. Committee Members Interest

The Committee member(s) is/are not entitled to be present when his or her own remuneration package is discussed at a meeting or when his or her performance is being measured. The committee may invite such personnel, as it consider fit, to be present at the meeting of the committee.

8. Disclosure

This code of conduct, implementation and the evaluation criteria shall be disclosed in the Annual Report of the company. Disclose any information/policy(s) subject to the commission's directives time to time.

9. Review and Amendments

The Board reserves the right to amend, modify or review this policy in whole or in part, unilaterally at any time, as may be deemed necessary.