



*In Search of Excellence*

# ORION PHARMA LIMITED

## NOMINATION & REMUNERATION POLICY



Guidelines to determine attributes and qualifications for appointment as well as appropriate pay package for the Board Members and Top Executives

## **PREAMBLE**

This Nomination & Remuneration Policy (NRP) has been designed and formulated with a view to enhance the aspirations of Human Resources consistent with the vision, mission and goals of Orion Pharma Limited (OPL) and also to comply with the rules and regulations imposed by Bangladesh Securities and Exchange Commission (BSEC) through the Corporate Governance Code with consideration of Companies Act, 1994 and other regulatory requirements. This NRP provides directions and guidelines to determine attributes and qualifications for appointment as well as appropriate pay package for the Board Members and Top Executives of the Company.

OPL recognises Human Resources as the most important asset of the Company as they ultimately take the organization forward. The Company also acknowledges that a diverse Board and Top Management with respect to experience and expertise will help us to achieve our vision and strategic objectives efficiently.

## **OBJECTIVE, PURPOSE AND SCOPE OF THE POLICY**

OPL seeks to attract the right people who are high-performing individuals and who deliver the Company's vision and strategies in accordance with its values.

The Policy applies to all members of the Board, Key Managerial Personnel and Other Senior Executives of the Company.

Therefore, the key objectives of this NRP are to –

- a) Frame criteria for determining qualifications, attributes, expertise, experience and independence for recommendation of appointment/removal of Directors;
- b) Ensure appropriate remuneration package to attract, retain and motivate Directors;
- c) Device Policy on performance evaluation of Directors;
- d) Formulate criteria for determining qualifications, expertise and experience for appointment of top management and make recommendations for their remuneration.
- e) Identify the Company's need for human resources at different levels and determine the selection, transfer, promotion criteria and annually develop, recommend and review Company's human resources and training Policy.

## **RESPONSIBILITY FOR THIS POLICY**

The Board is ultimately responsible for setting this Policy with the assistance of the Nomination & Remuneration Committee. This Policy shall be reviewed and amended by the Committee as and when required and appropriate recommendations shall be made to the Board to update this Policy based on the changes that may be brought about due to any regulatory amendments or otherwise.

## **ASSISTANCE FROM OUTSIDE AGENCY**

The Committee may take the assistance of External expert / agency and / or personnel of other departments of the Company as and when required.

## DEFINITIONS

“Achievement Report” means a yearly individual performance status report detailing achievements against the established goals during a given time period and also provides specific information related to how the achievements contribute to the Company’s overall performance.

“Board” means the Board of Orion Pharma Limited.

“Company” means Orion Pharma Limited (OPL).

“Corporate Governance Code” means Notification no. BSEC/CMRRCD/2006 158/207/Admin/80 issued by Bangladesh Securities and Exchange Commission on June 3, 2018 and any amendment thereon by the BSEC from time to time.

“Executive Director” means a member of the Board of Directors who is appointed under Section 104 of the Companies Act, 1994, is involved to execute specific functions of management and administration consigned by the BOD and is responsible for strategic planning and working with the Board of Directors for carrying out the Board's decisions.

“Independent Director” means a Director referred to the condition no. 1.2 and 1.3 of Corporate Governance Code.

‘Incentive Pay’ means a monetary or other gift(s) provided to a Director, top level Executive, employees based on performance with a view to encourage them to continue delivering positive results. Incentive may come in the form of incentive bonus, profit sharing or commission.

“Key Managerial Personnel” (KMP) means:

Managing Director and/ or Chief Executive Officer

Company Secretary

Chief Financial Officer

Head of Internal Audit and Compliance

Any other personnel as may be assigned by the Board or prescribed in regulatory rules and regulations from time to time

“Managing Director” means a Director as defined in the Companies Act, 1994, the Corporate Governance Code and any other applicable rules and regulations.

“Non-Executive Director” means a member of the Company’s Board who is not part of the executive team, does not engage in the day-to-day management of the organization but is involved in Policy making and planning exercises, monitors the executive Director and acts in the interest of the Company’s stakeholders.

“Nomination and Remuneration Committee” means a sub-committee of the Board of the Company, constituted in accordance with the Condition No. 6 of Corporate Governance Code.

“Other Senior Executives” means the members of core management team (excluding the KMP) and the Functional Heads of the Company.

“Policy” means Nomination and Remuneration Policy (NRP).

“Remuneration” means any cash or benefits in kind given to the persons under this Policy for services rendered by them and includes salary as defined under the Income-Tax Ordinance 1984 under section 2(58).

“Service Rules and HR Policy Manual” means Policy framed by Management applicable to all employees of OPL.

### **EFFECTIVE DATE**

The Policy shall be effective from January 2019 and onwards.

### **FORMATION OF THE POLICY**

This Nomination and Remuneration Policy consists of 3 (three) parts:

- Part I: Matters to be dealt with, pursued and recommended to the Board by the Committee;
- Part II: The criteria of nomination, appointment, performance evaluation and removal of Directors, KMP and Other Senior Executives; and
- Part III: The remuneration structure for Directors, KMP and Other Senior Executives.

## PART - I

### MATTERS TO BE DEALT WITH, PURSUED AND RECOMMENDED TO THE BOARD BY THE COMMITTEE

The Committee shall be responsible and make recommendations to the Board to deal with the following matters:

**a) Assist Board in Formulation of Nomination Criteria and Determining Qualification of Directors**

The Committee shall assist the Board in formulating the nomination criteria frame Policy for determining qualifications, positive attributes, experiences and independence of Directors, identify persons who are qualified to become Directors in accordance with the criteria laid down and recommend candidates to the Board as and when required.

**b) Assist Board in Formulating Nomination Criteria and Determining Qualification of KMP and Other Senior Executives**

The Committee shall assist and recommend the Board to formulate the criteria determining qualifications and positive attributes of KMP and Other Senior Executives, identify persons who are qualified to become KMP and Other Senior Executives in accordance with the criteria laid down and recommend candidates to the Board as and when required.

**c) Board's Diversity**

The Committee shall devise a Policy on Board's diversity and make assessments along with recommendations in maintaining a proper mix of Executive, Non-executive and Independent Directors. The Committee recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance as a diverse Board helps to realize the strategic objectives and go for sustainable development. The Committee shall periodically review the balance in its composition in regards to gender, age, and educational background, ethnicity, professional experience, skills, knowledge and any other factor deemed relevant and applicable.

**d) Performance Evaluation of Board**

The Committee shall oversee and make report with recommendation to the Board in evaluating performance of all Directors as well as the Board as a whole. The NRC shall be responsible for regular performance evaluation of overall as well as individual Board members towards achieving the strategic goals of the organization with a view to identifying areas of governance improvement.

**e) HR Development and Succession Planning**

The Committee shall identify the Company's need, as determined by the management, for KMP and Other Senior Executives as well as the employees at different level and review the succession plan so that potential individuals are ready with proper skills, experience, ownership and engagement to fill gaps when necessary. The Committee shall also determine selection, transfer, replacement, promotion criteria as well as develop, recommend and review HR and training policies for future leaders.

**f) Recommend to Formulate Criteria for Remuneration Framework for Board**

The Committee shall recommend the Board to determine appropriate remuneration payable to the Directors and recommend any revision thereof on the basis of financial condition of the Company and performance of the Director. The Committee will also periodically review the level and composition of remuneration, as well as their incentive pay, to ensure they are maintained in line with market expectations.

**g) Recommend to Formulate Criteria for Remuneration Framework of KMP and Other Senior Executives**

The Committee shall assist the Board in determining appropriate remuneration payable to the KMP and Other Senior Executives based on role, responsibility and complexity along with the need to maintain market competitiveness. The NRC shall periodically review the remuneration package to ensure it has proper balance motivating short and long term performance objectives as per Company goals.

## PART - II

### THE CRITERIA OF NOMINATION, APPOINTMENT, PERFORMANCE EVALUATION AND REMOVAL OF DIRECTORS, KMP AND OTHER SENIOR EXECUTIVES

#### a) Nomination and Appointment Criteria of Directors

The Committee shall recognize and assess whether the individual possess adequate, qualification, expertise, and experience for being appointed as the Director including Executive, Non-Executive and Independent Director and accordingly recommend the appointment to the Board. The Board shall seek approval of the appointment, where applicable, from shareholders at the General Meeting.

Apart from being qualified and experienced, the individual shall be a person who upholds ethical standards of integrity and probity, acts objectively and constructively, carry outs responsibilities to contribute to the Company's growth and in a manner for the best interest of the Company as well as the stakeholders, provides adequate time and attention to assist the Board in informed and balanced decision making and directs the Company in implementing the best corporate governance practices. The Committee shall exercise its discretion to decide whether qualification, expertise, experience and attributes possessed by an individual are sufficient / satisfactory for the position of Director of the Company.

Along with consideration of the Committee's guidelines, the nomination and appointment of Directors shall be governed by the followings:

Directors	Applicable laws, rules and regulations
Executive and Non-Executive Director	1. Companies Act, 1994 2. Corporate Governance Code of BSEC 3. Memorandum and Articles of Association of the Company
Independent Director	1. Corporate Governance Code of BSEC
<i>Other relevant laws, rules and regulations of the land are applicable for all the above</i>	

#### b) Nomination and Appointment Criteria of KMP

Regarding the appointment of KMP according to the Company's requirement, the Committee, in consultation with the management and with the support from HRD, shall ascertain the identified individual's integrity, qualification, expertise, experience and the ability to give insight in respective sector/ areas through the Company's internal recruitment process. The Committee shall also evaluate the adequacy of the qualitative factors and accordingly recommend the appointment of KMP to the Board.

Along with consideration of the Committee's guidelines, the nomination and appointment of KMP shall be governed by the followings:

<b>KMP</b>	<b>Applicable laws, rules, regulations and Policy</b>
Managing Director and/or Chief Executive Officer; Company Secretary; Chief Financial Officer; and Head of Internal Audit & Compliance	<ol style="list-style-type: none"> <li>1. Companies Act, 1994</li> <li>2. Memorandum and Articles of Association of the Company</li> <li>3. Corporate Governance Code of BSEC</li> <li>4. Service Rules and HR Policy Manual</li> <li>5. Other relevant laws, rules and regulations of the land</li> </ol>

### c) **Nomination and Appointment Criteria of Other Senior Executives**

The Committee shall assess the individual's qualification, skill, experience for the position of Other Senior Executives through the Company's internal recruitment process with consultation of management and support from HRD. The Committee shall also evaluate the adequacy of the qualitative factors and accordingly recommend the appointment of Other Senior Executives to the HRD.

Along with consideration of the Committee's guidelines, the nomination and appointment of Other Senior Executives shall be governed by the followings:

<b>Other Senior Executives</b>	<b>Applicable laws, rules, regulations and Policy</b>
Members of the core management team (excluding the KMP) and all the functional heads	<ol style="list-style-type: none"> <li>1. Service Rules and HR Policy Manual</li> <li>2. Other relevant laws, rules and regulations of the land</li> </ol>

### d) **Term / Tenure**

The term / tenure of holding office of a Director or a KMP or Other Senior Executive shall be in compliance with the Companies Act, 1994, the Corporate Governance Code and the Company's Service Rules and HR Policy Manual.

#### **Managing Director**

In compliance with section 109 and 110 of Companies Act, 1994, the Company shall appoint or employ any individual as its Managing Director for a term not exceeding 5 (five) years at a time. After expiry of the 5 (five) years, he / she may be re-appointed by the consent of the shareholders in general meeting; provided however, such re-appointment shall not exceed more than 5 (five) years at a time.

#### **Independent Director**

In conformity with condition no 1.2 of Corporate Governance Code of BSEC, The tenure of office of an independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. However, the Committee may consider the reappointment of a former independent Director 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).



### e) Removal

The Committee may recommend to the Board the removal of a Director and /or KMP with reasons in writing for any disqualification mentioned in the Companies Act, 1994, Corporate Governance Code of BSEC, Company Memorandum and Articles of Association and any other applicable laws, rules and regulation. The Committee may also recommend the removal of Other Senior Executives to HRD as per the Service Rules and HR Policy Manual of the Company as prevalent at that time.

### f) Retirement

Other than the Managing Director, all the Executive and Non-Executive members of the Board shall retire by rotation as per the provision of the Companies Act 1994. Such retirement by rotation shall not be applicable for the Independent Director. However, the KMP and Other Senior Executives shall retire as per the prevailing Service Rules and HR Policy Manual of the Company.

### g) Evaluation Criteria of Directors

The Committee shall assist and recommend the Board to set out evaluation criteria for the Directors including the Independent Directors and shall carry out evaluation of performance of every Non-Executive, Executive and Independent Director at the end of each calendar year.

#### **Executive Director**

The performance appraisal of Executive Director shall be conducted through the Company's appraisal system as per the criteria set by the Board as recommended by the Committee. The criteria are set mainly focusing on performance of duties and responsibilities, professional conduct, strategic thinking and leadership role. The Executive Director shall submit a yearly "Achievement Report" and based on this report and the evaluation criteria, the Board, on recommendation of the Committee, shall evaluate his/ her performance.

#### **Non-Executive Director**

The performance evaluation of Non-Executive Director shall be carried out once in a year. The indicative criteria are as follows:

- a) Frequency of attendance in the Board and Committee meeting;
- b) Competence to contribute in the decision making process of the Board and Committee meetings;
- c) Ability to be involved in a constructive discussion in regards to the business operations towards achieving strategic objectives;
- d) Contribution towards overall enhancement of corporate governance practices in the Company; and
- e) Relationship and coordination with other Board members.

**Independent Director**

The evaluation of performance of Independent Director shall be executed yearly following the same criteria applicable for Non-Executive Director. The Committee shall also consider the conditions mentioned in the Corporate Governance Code in this regard.

**h) Evaluation Criteria of KMP and Other Senior Executives**

The performance appraisal of KMP shall be carried out at the end of calendar year based on the performance measurement criteria set by the Committee. In addition, the Other Senior Executives' performance evaluation shall be conducted by HRD through the Company's yearly appraisal process.

## PART - III

### THE REMUNERATION STRUCTURE FOR DIRECTORS, KMP AND OTHER SENIOR EXECUTIVES

#### a) Remuneration Criteria of Directors

Remuneration of Directors is determined by taking into consideration of OPL's need to maintain appropriately experienced and qualified Directors and in accordance with competitive pressures in the marketplace. The Committee shall assess the level and composition of remuneration for Directors which are reasonable and sufficient to attract, retain and motivate suitable and competent Directors to run the Company successfully. The remuneration to be paid to the Directors shall be governed by the provisions of Companies Act, 1994.

##### **Executive Director**

The remuneration to be paid to Executive Director including the Managing Director shall be determined by the Committee and recommended to the Board which shall be subject to the prior/ post approval of the shareholders in the General Meeting.

The components of remuneration package include the following:

- Basic pay
- Allowances
- Any other perks and benefits as the Committee may consider appropriate

Increments to the existing remuneration structure may be recommended by the Committee to the Board which shall also be approved by the shareholders in the General Meeting.

##### **Non-Executive Director**

Non-Executive Director shall be remunerated by way of only Board and Committee meeting attendance fees as per the Memorandum and Articles of Association of the Company in compliance with applicable laws and regulations. Non-Executive Director shall not be eligible to receive or enjoy any remuneration in order to ensure impartial decision making. Increments to the existing Board meeting attendance fees may be recommended by the Committee to the Board which shall also be approved by the shareholders in the General Meeting.

##### **Independent Director**

The remuneration Policy for the Independent Director shall be the same criteria applicable for Non-Executive Director.

#### b) Remuneration Criteria of KMP and Other Senior Executives

The Committee aims to ensure that the remuneration structure for KMP and Other Senior Executives is fair, competitive (internal and external) under transparent policies and review procedures and appropriate for the markets in which it operates.

The remuneration of KMP and Other Senior Executives may comprise of the following:

<b>Fixed Pay</b>	<b>Incentive Pay</b>	
<b>Guaranteed Pay</b>	<b>Short Term Incentives</b>	<b>Long Term Incentives</b>
Base salary plus any allowances (includes any other benefits as decided by the Committee) and Festival Bonus.	Incentive Bonus, Leave Fare Assistance (LFA), Annual Increment	Gratuity, Provident fund, Workers Profit Participation Fund (as per law), Term Life Insurance

The remuneration of KMP and Other Senior Executives shall be reviewed annually and the increment shall be recommended to and approved by the Board based on the performance of the Company as well as individual performance / contribution.