

Report of The Nomination and Remuneration Committee – 2019-20

The Board of Directors of Desh Garments Ltd. has duly constituted a Nomination and Remuneration Committee (NRC) as per the requirements of the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC). The NRC assists the Board in formulating the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and other top level executives. The NRC also assists the Board to formulate policy for formal and continued process of considering remuneration/honorarium of Directors and top-level executives.

The statement of Nomination and Remuneration Committee is prepared following the Corporate Governance Code issued by the BSEC. This Report covers nomination and remuneration policies, evaluation criteria and activities of the NRC.

The Overview of the Nomination and Remuneration Policies:

The Company inevitably will follow the nomination and remuneration policies and the benchmark of which pursuing the business code of conduct and standards perceptible in the market context and appropriate to meet the present and future needs of the Company.

The board criteria in this respect for the Executive Directors and Top-Level Executives of the Company are as follows.

a) The Nomination Criteria

- i. The Company policies as well as guidelines and applicable laws/regulations for the Company.
- ii. A prescribed selection process that is transparent in all respects.
- iii. Following a process which is compatible to the recognized standards and the best practices;
- iv. Distinguishing the core competencies of the respective personnel for the different level of management and employees of the Company.
- v. Follow diversity in age, maturity, qualification, expertise and gender disciplines.

b) The Nomination Criteria

The outline of the Company needs for the employees at different levels, as determined by the management. The recruitment and selection of Executive Directors, Top-Level Executives of the Company are made according to the following core guiding principles:

Executive Directors and Top Level Executives: The candidate(s) for Executive Director(s), based on the set criterions of BSEC and Service Rules of the Company. The Board of Directors appoints Executive Director(s) and Top Level Executives, upon nomination and recommendation of the NRC.

Independent Director: The Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws that can make meaningful contribution to the businesses.

The Independent Director should have competence of the relevant sector in which Company operates, and necessarily should have the qualifications as required by the Code of BSEC. The Board of Directors appoints Independent Directors upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company.



c) Remuneration Criteria

The key features of the remuneration Criteria recommended by the NRC are as follows:

- i. The structure, scale and composition of remuneration/honorarium are reasonably considered based on the Company's Policies and Guidelines set by the Board of Directors to attract, and motivate the top level executives/executive directors to run the Company efficiently and successfully.
- ii. The context of packages, including remuneration/benefits is categorically laid down which meets the appropriate performance benchmarks as per the Company Policies and Guidelines ratified by the Board as and when required;
- iii. The NRC will recommend the Board meeting attendance fees, honorarium, including incidental expenses, if any; and
- iv. No member of the NRC will be allowed to receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Board meetings and Board's sub-committee meetings attendance fees from the Company.

d) Evaluation Criteria

Directors/Executive Directors/Top Level Executives: The respective line authority of the Directors/Executive Directors/Top Level Executives sets the performance measurement criteria based on the respective role profile and responsibilities through the Company's annual appraisal policy/process at a certain time of each calendar year.

Independent Director: The evaluation of performance of the Independent Directors (IDs) is to be carried out according to the criteria of attendance and participation at the Board meetings and committee meetings; participation in the Board meetings and committee meetings and contribution to the improvement of the corporate governance practices of the Company.

Activity Summary of Nomination and Remuneration Committee during the year of NRC Committee and its Meetings

The Board in its meeting of the Nomination and Remuneration Committee (NRC) as per the requirement of BSEC Corporate Governance Code with the following composition.

Mr. Subhash Chandra Bose

Chairman
Independent Director

Mr. Omar Quader Khan

Member
Managing Director

Ms. Vidiya Amrit Khan

Member
Deputy Managing Director



The NRC carried out the following activities in line with committee's terms of Reference during the reporting period.

- i. Reviewed the Terms of Reference (ToR) of NRC, as approved by the Board of Directors;
- ii. Reviewed a policy relating to the remuneration of the Directors and top-level executives of the Company;
- iii. Reviewed the criteria for determining qualifications, positive attributes and independence of the Directors;
- iv. Reviewed the criteria of evaluation of performance of Independent Directors;
- v. Reviewed the Code of Conduct for the Chairman, Director and Top-level Executives of the company.



Mr. Subash Chandra Bose
Chairman

Thursday, 24 September 2020

