



ENVOY TEXTILES LIMITED

NOMINATION AND REMUNERATION POLICY

Policy for Selection of Directors and determining Directors independence and remuneration policy for Directors and top-level Executives

Introduction

This policy on Nomination and Remuneration of Directors and top-level Executives (the expression “top-level Executives” means all the division heads of Envoy Textiles Limited including Chief Executive Officer and any other senior position above divisional head) has been formulated by the Nomination and Remuneration Committee (NRC or the Committee), in pursuant to Condition 6 of Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRC/2006-158/207/Admin/80; dated 03 June 2018 and approved by the Board of Directors of Envoy Textiles Limited (the Company).

Objective

Objective of the Committee is to guide the Board in relation to appointment, removal and remuneration of Directors and top-level Executives.

Envoy Textiles Limited believes that the Board should be able to effectively develop a long-term vision for the Company, provide guidance in effectively implementing its policies and managing operations efficiently and ensuring the compliance of all prevailing laws. Further, the Board constitution should ensure that its members have diversified expertise and experience so that the Board is able to discharge its duties and responsibilities effectively.

Role of the Committee:

The Committee shall:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors and top-level Executives.
- ii. Formulation of criteria for evaluation of Independent Director and the Board.
- iii. Devising a policy on Board diversity.
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial positions in accordance with the criteria laid down in this policy.
- v. Recommend to the Board in relation to appointment, removal and remuneration of Directors and top-level Executives.
- vi. Review of the Company’s human resources and training policies.

Policy for selection of Directors

In evaluating the suitability of individual Board members, the Nomination & Remuneration Committee (NRC) may take into account factors, such as:

- Educational and professional background
- General understanding of the Company’s business dynamics
- Standing in the profession

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Adnan

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- Personal and professional ethics, integrity and values
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

Criteria of Independence

The Nomination & Remuneration Committee shall assess the independence of Directors at the time of appointment / re-appointment. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

Independent Director shall also fulfill the criteria prescribed under condition 2(b) and 3 of BSEC Notification on Corporate Governance Code, ref. No. # BSEC/CMRRCD/2006-158/207/Admin/80; dated 03 June 2018

Remuneration Policy

Introduction

Envoy Textiles Limited has developed its remuneration policy for Directors and top-level Executives on the following principles: -

- a) The remuneration should be at levels where it should be possible to attract, retain and motivate all personnel.
- b) The remuneration consists of both fixed and variable pay which is linked to the business objectives of the Company.
- c) Ensuring that the relationship between remuneration and performance is clear and measurable to the extent possible.

Remuneration to Non-Executive Directors & Independent Directors

The remuneration to Non-Executive Directors & Independent Directors will be paid only in the form of meeting attendance fees. The Nomination and Remuneration Committee recommends the fees to be paid for both the Board and Committee thereof after considering the prevailing corporate practices. Thereafter, the Board approves the same.

Remuneration to Executive Directors

The Board, on the recommendation of the Nomination and Remuneration Committee, reviews and approves the remuneration payable to the Executive Directors. The Board and NRC shall consider the corporate performance in recommending and approving the remuneration to the Executive Directors.

Remuneration to top-level Executives

Top-level Executives are assigned grades according to their qualifications, experience, competencies, role and responsibility in the organization. Individual remuneration is determined within the grade and based on various factors such as job, profile, skill set, seniority, experience and prevailing remuneration levels for equivalent jobs.

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SK Bashir Akbar,

Chairman

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Membership

The Committee shall consist of a minimum Three (3) directors including an Independent Director, majority of them shall be non-executive. The Company Secretary of the Company shall act as Secretary of the Committee. Membership of the Committee shall be disclosed in the Annual Report. Term of the Committee shall be continued unless terminated by the Board of Directors.

Chairman

Chairman of the Committee shall be an Independent Director. Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required and shall conduct at least one meeting in a financial year.

Committee Members' Interests

A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

Voting

Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

In the case of equality of votes, the Chairman of the meeting will have a casting vote.

Nomination Duties

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Developing a succession plan for the Board and top-level Executives and regularly reviewing the plan;
- Evaluating the performance of the Board members and top-level Executives in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of a top-level Executive of the Company subject to the provision of the law and their service contract.

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SK Bashir Ahmad,

CEO

Envoy Textiles Limited



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- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

Remuneration Duties

The duties of the Committee in relation to remuneration matters include:

- to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- to approve the remuneration of the top-level Executives of the Company maintaining a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company.
- to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- to consider any other matters as may be requested by the Board.
- Professional indemnity and liability insurance for Directors and top-level Executives.

Minutes of Committee Meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

SK Basid Ahmed

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