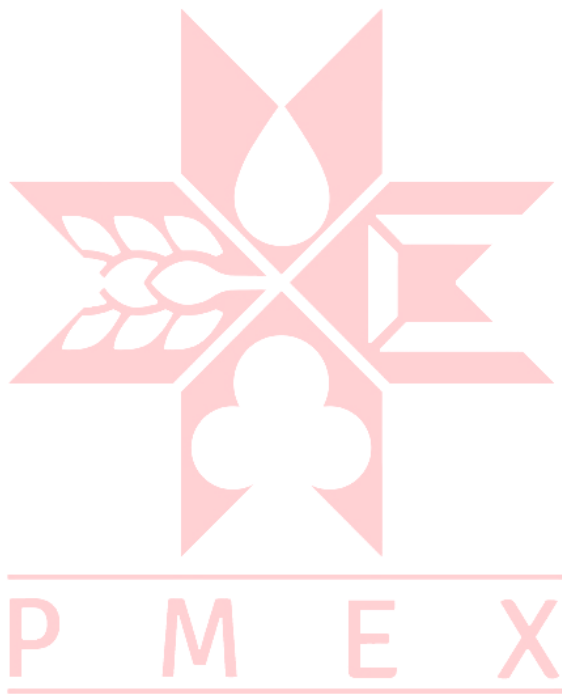


**HUMAN RESOURCE
& REMUNERATION
COMMITTEE**

TERMS OF REFERENCE



PAKISTAN
MERCANTILE
EXCHANGE

August 7, 2018

TERMS OF REFERENCE OF HUMAN RESOURCE & REMUNERATION COMMITTEE

(Listed Companies Corporate Governance Regulations 2017, dated Dec 06, 2017, Section 29)

Composition

- The Committee shall comprise of at least of three members comprising a majority of non-executive directors of whom at least one member shall be an independent director.
- The chairman of the committee shall be an independent director.
- The CEO/MD shall be an ex-officio member; He shall not participate in the proceedings of the committee when an agenda item relating to his performance review or renewal of the terms and conditions of his service comes up for consideration.

Secretary to the Human Resource Committee

The Head of Human Resource will act as a Secretary to the Committee. He/she will have following responsibilities:

- To coordinate and arrange HRC meetings.
- To prepare and circulate Agenda items along with working papers to all HRC members.
- To record, draft and circulate minutes of the meeting within two weeks after the HRC meeting.

Frequency of Meetings and Quorum

- The Committee shall meet at least once every six months in a financial year and may meet more often if requested by a member of the board, or committee itself or the chief executive officer.
- The quorum of meetings shall consist of Chairman, one non-executive Director and MD.
- The chief executive officer (if not a member of the committee), head of human resource (if not the secretary to committee) or any other advisor or person may attend the meeting only by invitation.

Responsibilities and Duties

- Recommending human resource management policies to the Board.
- Recommending to the board the selection, evaluation, compensation, development (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit.
- Consideration and approval on recommendations of CEO on above mentioned matters for key management positions who report directly to CEO/ MD or COO and,
- Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.
- Review and recommend annual increase in salaries of all staff.
- Review and recommend performance bonus for the Staff.
- Review organizational structure and recommend any restructuring pertinent to the rationalization of staff strength to the Board.
- Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level.