



SONARGAON TEXTILES LTD.

Corporate office:

Khansons Centre (8th & 9th floor)
37, Kawran Bazar Commercial Area
Dhaka-1215, Bangladesh
Tel : +880-2-55013501, 55013597 (PABX)
Fax : +880-2-55013498
E-mail : info@khansongroupbd.com
Web : www.khansongroupbd.com

The Criteria for determining the qualification of the Board of the Directors:

1. Determining the qualification criteria for the selection of the board of directors:

This Criteria is backed by the condition no. 6 (5) (b) of the Corporate Governance Code issued on 3rd June 2018. The Nomination and Remuneration Committee (NRC) is independent, responsible accountable to the Board as well as to the shareholders. The Nomination and Remuneration Committee (NRC) of the Board (the "Committee") is responsible for evaluating the qualifications of each director candidate who is to be nominated for the selection by the Board based on the recommendation of NRC. The NRC is also accountable for disclosing the activities to the shareholders in Annual Report through the management (Board of the Directors) of the Company.

The overall ability and experience of individual candidates should determine their suitability. The qualification criteria set forth herein to describe the qualities and characteristics are desired for the Board as a whole and for Board members individually. **This policy was approved in the Meeting of the Board of Directors was held on 30th January 2022.**

a. Positive attributes and Independence:

The positive characteristics and good manner are very important for the selection process of the Board of Directors of **Sonargaon Textiles Limited**. The directors set the guiding principles of the organization. If he/she doesn't work from the true and fair view, then good Board governance is not possible inside the organization. The duties imposed on Board Members are fiduciary duties, similar to those that the law imposes on those in similar positions of trust: agents and trustees. So, attributes is very important bench mark for selecting the Board Members.

The other criteria of selection is to evaluate the independence of Directors for recommending to the Board for appointment. Furthermore, a Director is independent if the Board affirmatively determines that the Director does not have a direct or indirect material relationship with the Company and shall be evaluated based on the criteria provided under the applicable laws including Companies Act, 1994 read with other rules thereon and the Listing Regulations with the Stock Exchanges as may be amended from time to time. In addition to applying these guidelines, the Board will consider all relevant facts and circumstances in making its determination relative to a director's independence.

b. Standard of Performance:

Standard of Performance is very important bench mark which is considered from the profile of candidate Director. The NRC will evaluate the standard of the performance of the Directors. In case of the new Director, the NRC will evaluate and recommend his/her standard examining his elaborate contribution in other organizations especially very often applicable for non-executive director. Other than non-executive director, NRC will consider the standard of his/her performance inspecting by existing contribution, his job size, and the responsibilities delegated by the other Board of the Directors.


CM, NRC & AC

A.K.M. Azizur Rahman


Chairman



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c. Standard of the benefits (Balance between fixed and incentive pay):

NRC shall recommend on the remuneration package of the Directors and Top level executives to the Board of the directors considering either standard of the benefits he/she is enjoying is appropriate or not. This consideration will regulate a balance between fixed package and incentives pay reflecting short and long term performance which is related with the organizational objectives.

d. Age Consideration:

The age is important factor for physical contribution. The standard of reaching at the adult age (18 years) is enough for directorial position in **Sonargaon Textiles Limited**. The NRC will consider the bar of age considering his/her physical capacity applicable only for the non-executive Directors. Furthermore, NRC may recommend for relaxing the age bar considering necessities of the organization.

e. Genders:

There is no gender discrimination for the directorial position in **Sonargaon Textiles Limited**. But members of the Nomination and Remuneration Committee (NRC) has the rights to alter it and recommend to the Board of Director.

f. Ethnicity:

The NRC of **Sonargaon Textiles Limited** emphasizes on the Bengal ethnicity from any custom as priority basis. But there is no restriction for the other ethnic group of people or nation for the recommendation process for Directorial position.

g. Experience:

Minimum 10 years business experience is required for the recommendation of the Independent Directors including all other obligations as mentioned in Corporate Governance Code issued on 3rd June 2018. The NRC has the rights to recommend to the Board for relaxing the required experience for Independent Directors subject to prior approval from the Commission. Other than Independent Directors, NRC can recommend the standard of experience that is maintained by **Khansons Class**.

h. Educational background:

The level of education background is relaxed for recommending the Shareholder Directors. On the other hand, Nomination and Remuneration Committee (NRC) strictly follows the educational qualification mentioned in conditioned no. 1 (3) of the Corporate Governance Code (issued BSEC on 3rd June 2018) for recommending the Independent Directors.

i. Nationality:

NRC of **Sonargaon Textiles Limited** recommends Bangladeshi expert in priority basis. But citizens of the any foreign county allowed by the People Republic of Bangladesh is eligible for recommendation maintaining all the rules and regularities of the respective authorities.



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2. Determining the qualification criteria for the selection of the top level executives Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company:

a. Education:

NRC recommends the highly qualified person for the top level executive positions. Besides that market leaders from the leading organization of the similar industry are given priority for tracking the right person. The profile leaders of local and multinational companies who are capable to maintain the flagship standard of **Khansons** are usually recommended for the selection process.

b. Work Experience:

The Nomination and Remuneration Committee (NRC) of **Sonargaon Textiles Limited** recommends long time experience for top level executives in the similar position in the leading organization. The committee reserves the right to relax the experience considering the special qualification of the candidate.

c. Professional Attachment:

The Nomination and Remuneration Committee (NRC) prefers professional attachment by the top level executives. The professional attachment means obtaining professional qualification from the different professional institutes like Institute of Chartered Accountant of Bangladesh (ICAB), Institute of Cost and Management Accountant of Bangladesh (ICMAB), Institution of Chartered Secretaries of Bangladesh (ICSB) and all other institutes. This professional attachment of the candidates determine maximum professional endeavor which is fruitful and very relevant to the organizational objectives. The professional membership is not mandatory and the NRC may recommend any type of facilities to the brilliant candidates other than professionals who can meet organizational objectives without professional attachment.

d. Goodwill, Brand Value and Market Reputation:

The NRC consider the market reputation and brand value for recommending the top level executives to the Board for selection process. The NRC believes that goodwill as well as market reputation is very important which reflects a very positive impression about the key management team to the shareholders and all stakeholders.

e. Leadership Capacity:

The top executives are just like the big operating engines against uncountable lorries. That is why, the Nomination and Remuneration Committee (NRC) prefers leadership capacity for recommending top level executives of the companies. The Nomination and Remuneration Committee (NRC) of **Sonargaon Textiles Limited** discourages bossing attitudes and inspires for

Criteria for determining the qualification of the Board of the Directors of STL: Page # 3 of 5


CM, AC & NRC

A.K.M. Azizur Rahman


Chairman

Factory: Rupatoli, Barisal, Phone: 0431-71218, 71219, 71296



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carrying the similar weight among the horizontal and vertical colleagues inside the organization sustaining the principle "One Team One Goal"

3. Criteria for Appointment and Removal of the Boards Members:

The Nomination and Remuneration Committee (NRC) examines the appointment request need and urgent basis. After examining the eligibilities of the non-executive directors, the Nomination and Remuneration Committee (NRC) sent the recommendation to the Board of Directors only for eligible candidates. The Nomination and Remuneration Committee checks out the fulfillment of the condition no 1(3) for the Independent Directors mentioned in Corporate Governance Code issued on 3rd June 2018. The Nomination and Remuneration Committee (NRC) recommends to the Board of the Directors for issuing the appointment letter only to the eligible Directors.

In case of removal of any executive Directors, the Nomination and Remuneration Committee (NRC) checks out any dissatisfaction while any director submit resignation. The Nomination and Remuneration Committee (NRC) recommends to the Board to pursue the outgoing Director if he has brilliant contribution only. Otherwise, the Nomination and Remuneration Committee (NRC) resolves it with mutual respect.

4. Criteria for Evaluation of Performance of the Independent Director:

The NRC checks out the performance of the Independent Directors in each financial year. To evaluate the standard of performance, NRC considers three benchmarks. Firstly, what values have been added by the Independent Directors during his tenure? Secondly, what is the areas of his contribution? Lastly, what is the quantitative and qualitative difference before and after his joining? The Nomination and Remuneration Committee (NRC) recommend for extending the tenure of the independent Director if his performance meet the organizational objectives.

OTHER CRITERIA:

A. Criteria for identifying Company's Need for different level employees:

The Nomination and Remuneration Committee (NRC) examines the need for different level employees. To do that, NRC checks out existing man power and demand list of man power plan provided by Human Resource division. In case of urgent and need base necessity, NRC recommend for the recruitment list to the Board for executing very rapidly.


CM, AC & NRC

Criteria for determining the qualification of the Board of the Directors of STL: Page # 4 of 5

A.K.M. Azizur Rahman


Chairman



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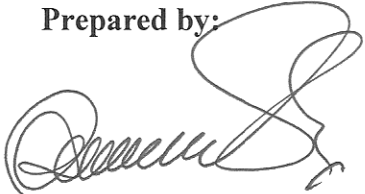
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B. Criteria for reviewing on Human Resource and Training Policies:

The Nomination and Remuneration Committee (NRC) once a year reviews the activities of the Human Resource Division once a year just on or before the pre AGM Board Meeting. Here activities means the recruitment or retirement of the Top level executives, Remuneration package and other compensation including perquisites of the Board of the Directors, any action status imposed by NRC during the last financial year. The NRC also reviews the yearly training policies, schedule and checks out the reflection of the no. of training conducted as per HR Training and development plan.

Prepared by:


Asadullah Mahmud FCS
Company Secretary
30/02/2022

Recommended by:


Brg. Gen. Mohammed Abdul Halim
(Retd.), Independent Director
Chairman, Nomination and
Remuneration Committee (NRC)

Approved by:

A.K.M. Azizur Rahman


Chairman
On behalf of the Board
A.K.M. Azizur Rahman
Chairman

Criteria for determining the qualification for the Board of the Directors of Sonargaon Textiles Limited:

The Management of **Sonargaon Textiles Limited** practices good HR policy as a result considers the experience of individual candidates should determine their suitability. The qualification criteria set forth herein to describe the qualities and characteristics are desired for the Board as a whole and for Board members (Director/Independent Director) individually:

a. Positive attributes and Independence:

☐ The candidate (Director) maintains positive characteristics and good manner.

b. Standard of Performance: The positive characteristics and good manner

☐ The candidate meets Standard of Performance

c. Standard of the benefits (Balance between fixed and incentive pay):

☐ The candidate deserves a good remuneration package or incentives at Khanson's Standard.

d. Age Consideration:

☐ The candidate meets the bar of age considering his/her physical capacity as per HR policy.

e. Genders:

☐ There is no gender discrimination for the directorial position in **Sonargaon Textiles Ltd.**

f. Ethnicity:

☐ The candidate belongs to Bengal ethnicity ☐ The candidate belongs to other ethnicity

g. Experience:

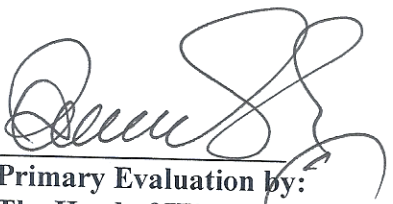
☐ The candidate has 10 years or more than that vast experience in his business/service life.

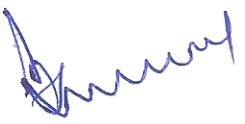
h. Educational background:

☐ The candidate meets the requirements mentioned for Director/Independent Director mentioned in CG code-2018 and the standard required by Khansons Group policy.

i. Nationality:

☐ The candidate is resident of Bangladesh ☐ The candidate has passport of other countries.


Primary Evaluation by:
The Head of HR


Recommended by:
Chairman, NRC

A.K.M. Azizur Rahman

Chairman
On Behalf of the Board

3/8/01/22

Performance measuring standard for the Board of the Directors of Sonargaon Textiles Limited:

The Management of **Sonargaon Textiles Limited (STL)** practices a good governance inside the Board with a great outlook. As a result, the Board wants to evaluate the performance and standard of the directors including the Independent Directors (ID) considering the factors as stated below:

- a. Mention three values have been added by the Director/Independent Director during last fiscal year:

☐	☐	☐
.....		

- b. Three areas of major changes during last financial year (yearly contribution):

☐	☐	☐
.....		

- c. Three areas of major changes during first tenure contribution (first 3 years means first tenure evaluation: only for the Independent Director):

☐	☐	☐
.....		

- d. Three areas of major changes during second tenure contribution (Consecutive 6 years means 2nd tenure evaluation: only for the Independent Director):

☐	☐	☐
.....		

- e. Mention qualitative difference before and after his contribution (common for all Directors):

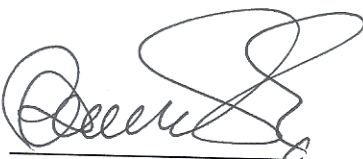
☐	☐	☐
.....		

- f. Mention three considering factors for recommendation by NRC appointing him/her for the first/2nd time :

☐	☐	☐
.....		

- g. Mention three considering factors for recommendation by NRC appointing him/her for life time:

☐	☐	☐
.....		



Primary Evaluation by:
The Head of HR

3 of 11/22

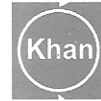


Recommended by:
Chairman, NRC

A.K.M. Azizur Rahman


Chairman

Chairman
On Behalf of the Board



APPENDIX-I

(Remuneration Policy for the Board of the Directors)

Definitions:

Remuneration

All forms of (fixed and variable) payments or benefits made directly by, or indirectly, but on behalf of the Company (**Sonargaon Textiles Limited**) in exchange for professional services rendered by the Board of the Directors. This may include monetary payments or benefits, such as cash, shares, options, cancellation of loans to Board members at dismissal, pension contributions, remuneration by third parties or non (directly) monetary benefits such as health insurance, discounts or any special allowances.

Ancillary payments or benefits that are part of a general, nondiscretionary, Company-wide policy and pose no incentive effects in terms of risk assumptions do not fall under the definition of remuneration of this policy.

Remuneration does not include any benefits resulting from

- Holding shares or certificates of shares in the Company which are bought by Board members (acting as financiers of the Company),
- From units of participation in the Funds managed by the Company which are bought by Board members (acting as regular participants).

Policy

The Remuneration Policy as advised by the condition no. 6 (5) (b) Corporate Governance Code issued by BSEC dated on 3rd July 2018. **This policy was approved in the Meeting of the Board of Directors was held on 30th January 2022.**

The Board of the Directors:

The Board of the Directors means all the Shareholder Directors of the Board including Managing Directors, (MD or CEO), Independent Directors, Alternative Directors, and Nominee Directors etc.

Fixed remuneration:

Payments or benefits without consideration of any performance criteria.

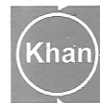
Variable remuneration

Payments or benefits, additional to fixed payments, which depend on individual performance measured by several criteria.

A.K.M. Azizur Rahman


Chairman

✓ 
C.M.N.R.C.



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1. Scope and objective:

This document contains the remuneration policy of the Company including the guiding principles for remuneration, the remuneration structure, the governance and the disclosure. The Policy is based on by the condition no. 6 (5) (b) Corporate Governance Code issued by BSEC dated on 3rd July 2018.

A key objective of the Policy is to ensure that the total remuneration package enables the Company to attract and retain highly talented Board members. The Company provides attractive terms of employment, of which remuneration, personal development, training, working environment

2. General Principles;

Executive and Non-Executive Directors:

The Non-executive Directors are those who are non-salaried person and not entitled for enjoying such a benefit. On the other hand, the executive Directors are monthly salaried person who can enjoy the monthly salary and they are involved with day to day activities of the organization. **Sonargaon Textiles Limited (STL)** is publicly listed company so there will have at least 4 non-executive directors including Chairperson for meeting all compliance issues.

3. Monetary Benefits for the Board of the Directors:

a. Shares Certificate:

Every shareholder Director except the Managing Director who is entitled for monthly salary will enjoy the benefits of shareholding position receiving the hard copy share certificate.

b. Dividend (Cash/Kind):

Every shareholder Director other than Independent Director will be entitled for regular basis yearly of interim dividend by cash or kind.

c. Board Attendance Fee

The Directors will enjoy the attendance fee in Board Meeting, and in any meeting of the Sub Committee of the Board like Nomination and Remuneration Committee (NRC), and Audit Committee etc. as decided by the Board.

d. Perquisites:

The Directors will enjoy the facilities of perquisites as per income Tax ordinance 1984.

e. Transport Facilities:

The All Directors of the Board will enjoy the transport facilities.

f. TA/DA:

The All Directors of the Board will enjoy the transport and daily allowance facilities. (if any)

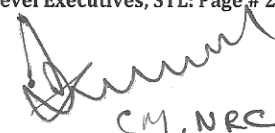
g. Loan Opportunity:

All the All Directors of the Board will enjoy the loan facilities which is not contradictory with Company Act 1994 and any other laws of Bangladesh.

A.K.M. Azizur Rahman


Chairman

Remuneration Policy for the Board of the Directors & Top Level Executives, STL: Page # 2 of 6


CM, NRC



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h. Telephone Allowance:

All the All Directors of the Board will enjoy the telephone facilities as recommended by NRC and approved by the Board of the Directors

4. Non-monetary benefits:

All the Directors of the Board will be entitled for Health insurance, discounts or any special allowances considering health and safety as per practice by Human Resource Division and recommended by NRC through Board Approval.

5. Benefits for Independent Director:

The provisions are mentioned in the conditioned no 1(2) of the Corporate Governance Code issued on 3rd June 2018 for restricting the benefit to the independent Director.

6. Revision of the Remuneration Policy:

This policy may be changed any time as per advised by Human Resource Division which must be reviewed and recommended by Nominations and Remuneration (NRC) and approved by the Board of the Directors.

Prepared by:

Asadullah Mahmud FCS
Company Secretary

30/01/2022

Asadullah Mahmud FCS
Company Secretary

Recommended by:

Brg. Gen. Mohammed Abdul Halim
(Retd.), Independent Director
Chairman, Nomination and
Remuneration Committee (NRC)

Approved by:

A.K.M. Azizur Rahman

On behalf of the Board
A.K.M. Azizur Rahman
Chairman



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APPENDIX-II

(Remuneration policy for the top level executives of the Company)

Definitions:

Remuneration

All forms of (fixed and variable) payments or benefits made directly by, or indirectly, but on behalf of the Company (**Sonargaon Textiles Limited**) in exchange for professional services rendered by the top level executives. This may include monetary payments or benefits, such as cash, shares, options, cancellation of loans to staff members at dismissal, pension contributions, and remuneration by third parties or non (directly) monetary benefits such as health insurance, discounts or any special allowances.

Ancillary payments or benefits that are part of a general, nondiscretionary, Company-wide policy and pose no incentive effects in terms of risk assumptions do not fall under the definition of remuneration of this policy.

Policy

The Remuneration Policy as advised by the condition no. 6 (5) (b) Corporate Governance Code issued by BSEC dated on 3rd July 2018. **This policy was approved in the Meeting of the Board of Directors was held on 30th January 2022.**

The Top Level Executives:

The top level executives means Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company as per the explanation of the condition no.1(3)(ii) of the Corporate Governance Code issued by Bangladesh Securities and Exchange Commission with Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018.

Fixed remuneration:

Payments or benefits without consideration of any performance criteria.

Variable remuneration

Payments or benefits, additional to fixed payments, which depend on individual performance measured by several criteria.



CM, NRE

A.K.M. Azizur Rahman



Chairman



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1. Scope and objective:

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A key objective of the Policy is to ensure that the total remuneration package enables the Company

to attract and retain highly talented Executives like MD or CEO, AMD/DMD, COO, CFO, CS, HIAC and the Head of Human Resource. The Company provides attractive terms of employment, of which remuneration, personal development, training, working environment.

2. General Principles:

The top level executives are monthly salaried person who can enjoy the monthly salary and they are involved with day to day activities of the organization. So, they will enjoy all the benefits of according to their job importance in the organization. The Managing Director is part of the by the board as he is an ex-officio. Other top level executives are not part of the board who are considered as key management team under the management (Board of the Directors) of the company.

3. Monetary Benefits for Top level Executives:

a. Monthly Salary

All the top level executives including salaried MD are entitled for monthly salary as recommended by NRC and approved by the Board of the Directors.

b. Perquisites:

All the top level executives will enjoy the facilities of perquisites as per income Tax ordinance 1984.

c. Transport Facilities:

All the top level executives will enjoy the transport facilities.

d. TA/DA:

All the top level executives will enjoy the transport and daily allowance facilities. (if any)

e. Loan Opportunity:

All the top level executives will enjoy the loan facilities which are available with HR Practice in Khansons Group.



CM, NRC

A.K.M. Azizur Rahman



Chairman



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f. Telephone Allowance:

- g. All the top level executives will enjoy the telephone facilities as recommended by NRC and approved by the Board of the Directors

h. Festival Bonus:

All the top level executives will enjoy the telephone festival Bonus which are available with HR Practice in Khansons Group.

4. Non-monetary benefits:

All the top level executives are entitled for Health insurance, discounts or any special allowances considering health and safety as per practice by Human Resource Division and recommended by NRC through Board Approval.

5. Revision of the Remuneration Policy:

This policy may be changed any time as per advised by Human Resource Division which must be reviewed and recommended by Nominations and Remuneration (NRC) and approved by the Board of the Directors.

Prepared by:

Asadullah Mahmud FCS
Company Secretary

30/01/2022

Recommended by:

Brg. Gen. Mohammed Abdul Halim
(Retd.), Independent Director
Chairman, Nomination and
Remuneration Committee (NRC)

Approved by:

A.K.M. Azizur Rahman

Chairman

On behalf of the Board
A.K.M. Azizur Rahman
Chairman