



**PAKISTAN
STOCK EXCHANGE
LIMITED**

**BOARD HUMAN
RESOURCES
&
REMUNERATION
COMMITTEE (BHR&RC)**

**TERMS
OF
REFERENCE**



1. INTRODUCTION

Board Human Resources & Remuneration Committee (hereinafter referred to as the Committee/BHR&RC) was formed by the Board of Directors of Pakistan Stock Exchange Limited (hereinafter referred to as the Exchange) to assist the Board in the effective discharge of its responsibilities to oversee the Human Resource policy matters of the Exchange.

2. PURPOSE

BHR&RC is constituted to make recommendations to the Board on matters related to Human Resource Capital, within its scope.

3. ROLE, AND RESPONSIBILITIES OF THE COMMITTEE

The Committee is primarily responsible for assisting the Board to have an oversight of the Exchange's Human Resource Management. The primary responsibilities are stated hereunder:

- 3.1 The Committee shall assist the Board to take strategic decisions regarding the Exchange's Human Resource and review the Human Resource Policies of the Exchange.
- 3.2 The Committee shall review and recommend the Board for its approval, all significant changes in the Exchange's strategy with regard to its Human Resource Policy(s).
- 3.3 The Committee is responsible for ensuring the essence of the information that should be provided to the Board to determine the Exchange's HR policy or any change therein.
- 3.4 The Committee shall determine the Exchange's remuneration structure, in light of updated surveys, opinions of independent and specialized consultants or peer companies' remuneration structure.
- 3.5 The Committee, in light of the evaluation done by the respective committees, where required, and having taken due input from the CEO, shall make recommendations for the Board's consideration regarding selection, evaluation and compensation of Statutory Officers (whereas the Statutory Officers are defined under the governing laws as the Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Regulatory Officer and Head of Internal Audit). For rest of the positions, after complete and comprehensive evaluation on

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the selection or performance appraisal of incumbent(s), the CEO shall update the Committee on the hiring or performance of his Direct Report(s)”.

- 3.6 To recommend to the Board, the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO (Managing Director).
- 3.7 The Committee shall ensure that the Exchange has a comprehensive Succession Plan, especially for senior positions.
- 3.8 With regard to the Annual Appraisal exercise, the Committee shall recommend for consideration of the Board, the overall amount of bonus, outline for its entitlement/criteria, and other performance-related pay schemes, and any payment therein.
- 3.9 The Committee shall be responsible for performing any other task/job delegated to the Committee by the Board from time to time.
- 3.10 To assist the Management in handling and negotiating its terms with CBA, if it presents any Charter of Demand(s), at any stage.
- 3.11 The Committee shall review the process and forms of Annual Performance Evaluation of the Board, its Subcommittees, Members and Board Secretary; and ensure that a comprehensive and transparent evaluation process is in place.
- 3.12 The Committee shall recommend the mechanism of remuneration of the consultants engaged by the Board or Management.

4. COMPOSITION

The Committee shall comprise of minimum four (4) Directors of the Board. Majority members shall be Non-Executive Directors, and it shall be chaired by an Independent Director. Such members must have no conflict of interest with any other duties they perform for the Exchange. The Chief Executive Officer (CEO) of the Exchange shall be a member of the Committee but shall not chair the same, and shall not participate in proceedings that directly relate to his performance and compensation. The Board shall appoint the Members and Chairman of the Committee for a period of three years or until the expiry of the Board’s term, whichever is earlier.

5. AUTHORITY

The Committee is authorized by the Board to review any activity within its terms of reference. The Committee may seek any information from the Management via its CEO.

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If required, the Committee may obtain outside independent professional advice and services of third parties having relevant experience and expertise.

6. SECRETARY TO THE COMMITTEE

The Head of Human Resource shall be appointed as the Secretary to the Committee. In absence of the Head of HR, the Chairman of the Committee may appoint any other senior as the Secretary. The Secretary shall be responsible for convening the meetings in accordance with the regulations and TORs of the Committee. The Secretary shall ensure that the Committee Members receive all information necessary to perform decision making in a timely manner.

7. MEETINGS OF COMMITTEE

7.1 The Committee shall meet as often as it determined, but not less than twice in a year.

7.2 Meetings of the Committee shall be called by the Secretary of Committee at the advice of Committee's Chairman. Unless otherwise agreed, a notice of each meeting confirming the venue, time and date together with agenda items to be discussed, shall be forwarded to each member of the Committee and any other person as may be relevant, at least one (1) week before the Meeting along with supporting meeting papers unless the notice period is waived for an emergent meeting.

7.3 Any member of the Committee can also request the Chairman for requisitioning a meeting.

7.4 In the absence of the Chairman of the Committee, the members of the Committee shall elect one of themselves, as Acting Chairman of the Committee.

8. REPORTING

The Committee shall provide a summary of its every meeting to the Board. Additionally, the report on an annual basis shall be submitted to the Board, which shall include actions taken by the Committee, in the discharge of its responsibilities.

9. QUORUM

A quorum to convene the Meeting shall be three (03) members. A duly convened meeting at which the quorum is present shall be competent to exercise all or any of its authorities, powers and discretion vested in or exercisable by the Committee.

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10. ATTENDANCE

The Committee may invite any individual to attend the particular meeting or a specific agenda item apart from the Committee’s Members. The Invitees shall not be entitled to vote on any of the matter of the Committee.

11. MINUTES

The Secretary shall record attendance and name of Invitees and minute the proceedings and resolutions of all meetings. Existence of any conflicts of interest shall be ascertained at the beginning of meeting and minuted accordingly. Minutes of the Meetings shall be circulated to all members of the Committee within 14 days from date of the meeting, for their perusal and approval, and approved Minutes shall be presented to the BHR&HRC in subsequent BHR&RC Meeting to note the same.

12. PERFORMANCE EVALUATION

The Committee shall prepare an evaluation form to be filled by all its members, in order to evaluate its annual performance with reference to its duties stated herein. The annual evaluation shall be presented to the Board for its review.

13. REVIEW OF THE CHARTER

The Charter of the Committee shall be reviewed and approved by the Board as and when required.