

BOARD EVALUATION POLICY

Introduction;

An effective board defines the company's purpose and then sets a strategy to deliver it, underpinned by the values and behaviours that shape its culture and the way it conducts its business. It will be able to explain the main trends and factors affecting the long-term success and future viability of the company.

A company's purpose is the reason for which it exists. The board is responsible for setting and reconfirming the company's purpose. A well-defined purpose will help companies to articulate their business model, and develop their strategy, operating practices and approach to risk. Companies with a clear purpose often find it easier to engage with their workforce, customers and the wider public.

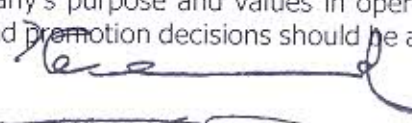
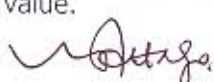
A sound understanding at board level of how value is created over time is key in steering strategies and business models towards a sustainable future. This is not limited to value that is found in the financial statements. An understanding of how intangible sources of value are developed, managed and sustained – for example a highly trained workforce, intellectual property or brand recognition is increasingly relevant to an understanding of the company's performance and the impact of its activity. These are important considerations for boards when setting corporate strategy.

Boards have a responsibility for the health of the company and need to take a long-term view. This is in contrast to the priorities of some investors, not all of whom will be aligned with the pursuit of success over the long-term. An effective board will manage the conflict between short-term interests and the long-term impacts of its decisions; it will assess shareholder and stakeholder interests from the perspective of the long-term sustainable success of the company.

Effective directors will understand their duties both collectively and individually. Directors' duties are articulated in the Companies Act, Articles of Associations and in the Charter of the Board. Directors are expected to act in a manner consistent with their statutory duties, and to uphold the highest standards of integrity and support the chair in instilling the appropriate values, behaviours and culture in the boardroom and beyond. The boardroom should be a place for robust debate where challenge, support, diversity of thought and teamwork are essential features. Diversity of skills, background and personal strengths is an important driver of a board's effectiveness, creating different perspectives among directors, and breaking down a tendency towards 'group think'.

Openness and accountability matter at every level. Good governance means a focus on how this takes place throughout the company and by those who act on its behalf. The quality of governance will be evident in the way the company conducts business, for example, how it treats its workforce, customers and suppliers. The board sets the framework of values within which the desired corporate culture can evolve and thrive. Ownership of the values will be stronger if a collaborative approach is taken and both the leadership and the workforce are involved in a two-way process to define the company's values.

It is important for trust that companies avoid giving contradictory messages through their decisions, strategies or conduct. Directors can reinforce values through their own behaviour and decisions. To do this effectively, executive and non-executive directors may need to increase their visibility. To have an impact on behavioural outcomes and influence the way business is done, values need to be embedded at every level of the organisation. Boards will need assurance from management that it has effectively embedded the company's purpose and values in operational policies and practices. In particular, incentives, rewards and promotion decisions should be aligned to value.



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Purpose;

Board performance evaluations provide the Board with an opportunity for consideration, reflection and discussion of its performance, the performance of its committees, the Chair and individual directors. The purpose of these evaluations is not only to review the effectiveness of individual directors and the Board but also to identify gaps in skills, experience and expertise that would need to be filled in order to promote Board effectiveness and satisfy fitness requirements. This policy sets out how these evaluations will be conducted.

Regulatory Framework:

Clause 6 (5) (b) (iv) read with the applicable Clauses of Corporate Governance Code of Bangladesh Securities and Exchange Commission require the Nomination and Remuneration Committee of a company ("NRC") to formulate the criteria for evaluation of performance of Independent Directors and the Board. Further, the Board of Directors is responsible for monitoring and reviewing of the Board Evaluation framework.

The Board of Directors is also required to satisfy itself that plans are in place for orderly succession for appointments to the Board and to senior management.

This Board Evaluation policy is framed as per the requirements of the aforesaid governance code.

Manner of Evaluation;**Evaluation of Individual Directors Including Independent Directors**

Performance of individual Directors of the Company (including the Chairperson and Independent Directors) shall be evaluated, on an annual basis, by: (i) the Board as a whole (excluding the Director being evaluated); and (ii) the Nomination and Remuneration Committee.

In carrying out its evaluation, the Board and/ or the Nomination and Remuneration Committee, shall keep in mind the evaluation parameters set out in: (i) Annexure 1 (ii) Annexure 2 with respect to the Board; and (iii) Annexure 3 with respect to the Board Committees of the Company.

While evaluating the performance of individual Directors, the Nomination and Remuneration Committee shall always consider the appropriate benchmarks set as per industry standards, the performance of the individual Director, the performance of the Company and the role of the individual Director within the Company. Further, the Nomination and Remuneration Committee shall determine whether to extend or continue the term of appointment of each Independent Director, on the basis of the report of performance evaluation of Independent Directors.

Evaluation of the Board

The Board shall, on an annual basis, evaluate its own performance keeping in mind the evaluation parameters set out in Annexure 2.

In addition, the Independent Directors, without the presence of the non-Independent Directors of the Company, shall (i) review the performance of the Board as a whole in accordance with the evaluation parameters set out in Annexure 1; and (ii) assess the quality, quantity and timelines of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform its duties.



Evaluation of the Board Committees

The Board shall, on an annual basis, evaluate the performance of each Board Committee as per the evaluation parameters set out in Annexure 3.

In addition, the Independent Directors, without the presence of the non-Independent Directors of the Company, shall (i) review the performance of the Committees as a whole in accordance with the evaluation parameters set out in Annexure 3; and (ii) assess the quality, quantity and timelines of flow of information between the management of the Company and the Board Committees that is necessary for the Board to effectively and reasonably perform its duties.

Criteria for Evaluation

The criteria for evaluation are laid out in the relevant Annexures. These include quantitative questions along with an option to provide qualitative comments. Each of the questions have the following five options:

- i) Strongly Disagree- 01 point
- ii) Disagree-02 point
- iii) No opinion-03 point
- iv) Agree-04 point
- v) Strongly agree-05 point

Feedback

The Chairman of Board or the Chairman NR Committee shall give [a written assessment/ an oral feedback] to:

- i) each Director separately;
- ii) the entire Board; and
- iii) each Board Committee.

Provided in case the members are not comfortable with open individual assessment, provision for confidentiality may be made where possible.

Action Plan

Once responses from all the Directors have been received, a summary of results of the Board evaluation will be placed before the Nomination and Remuneration Committee. Based on the feedback from each member, an average rating for each question will be obtained. All questions with average rating of 4.00 or less have been identified as areas for reflection and action planning. These are not necessarily the problem areas but definitely the areas where processes/ practices can be improved to meet the best governance standards and the Board may devise a plan to address such identified areas ("Action Plan").

The Action Plan should carry in detail the following:

- i) The nature of actions, including training and skill building, required to be undertaken to address the identified areas.
- ii) Timeline within which the actions detailed in the Action Plan shall be completed.
- iii) Persons responsible for the implementation of the Action Plan.
- iv) Resources required to achieve the objectives set out in the Action Plan.

The Board must review the actions set out in the Action Plan within a specific time period.



Policy Review

Subject to the approval of the Board, the Nomination and Remuneration Committee reserves its right to review and recommend for amending this Policy, if required, to ascertain its appropriateness as per the needs of the Company.

Disclosure

The Corporate Governance Code 5 (C) of Bangladesh Securities and Exchange Commission requires to disclose the evaluation criteria in the annual report of a company. Thus, the key features of this Policy will be included in the corporate governance statement contained in the annual report of the Company.

Parameters of Board Evaluation

Board Structure

Board and Committee composition and constitution • Diversity • Competencies of the members • Board and Committee charters • Frequency of meetings • Board processes

Boards Role in Governance

Direction: Business strategy governance • Monitoring: Monitoring of policies, systems and strategy implementation • Supporting and advisory role

Dynamics and Functioning

Annual Board calendar • Information availability • Interactions and communication with MD & CEO and senior management • Board agenda • Cohesiveness and quality of participation in Board meetings • Chair person's role

Financial Reporting Process, Internal Controls, Risk Management

Integrity and robustness of financial and other controls • Risk management • Abusive related party transactions • Whistle blower mechanism



Annexure 1 | Individual Director (Including Independent Director and Chairperson)

This questionnaire has been designed to enable the assessment of every individual director by all members of the Board, saving the Director who is being evaluated. Every question would need to be evaluated on a 5 point scale as given below.

- i) Strongly Disagree- 01 point
- ii) Disagree-02 point
- iii) No opinion-03 point
- iv) Agree-04 point
- v) Strongly agree-05 point

Individual Director Assessment	
Name of the Director	
Qualification	
Experience	
Assessment Criteria	Assessment Point
Knowledge and Competency:	
i. The Director is competent, as per the criteria identified by the Nomination and Remuneration Committee for the effective functioning of the Company and the Board	
ii. The Director has sufficient understanding and knowledge of the Company and the sector in which it operates	
The Director understands and fulfils the functions to him/her as assigned by the Board including his/her duties and responsibilities under the Governance Code, Code of Conduct, Articles of Association and the Companies Act	
The Director is an effective team member	
The Director is proactive to take initiative with respect to various development areas	
The Director attends the meeting regularly and timely.	
The Director is committed to the Board and the Company	
The Director contributes effectively to the Company and in the Board meetings	
The Director demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, Code of Conduct etc.)	
The Director maintains good interpersonal relationship among other directors and senior management	
The Director insists on receiving information necessary for decision making.	
The Director remains updated in terms of developments taking place in regulatory areas.	
The Director remains concern about conflict of interest and related party transactions.	
The Director ensure non-disclosure of confidential information, including technologies, unpublished price sensitive information.	
The Director doesn't take part in insider trading	
The Director exercises his/ her own judgment and voices opinion freely.	
Additional Criteria for Chairperson	
The Chairperson	
1. emphasizes, while setting a board agenda focusing on strategy, performance, value creation, culture, stakeholders and accountability and ensures that issues relevant to these areas are reserved for board decision;	

Signature

Signature



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2. Shaping the culture in the boardroom by encouraging all board members to engage in board and committee meetings by drawing on their skills, experience and knowledge	
3. fostering relationships based on trust, mutual respect and open communication – both in and outside the boardroom between non-executive directors and the executive team	
4. developing a productive working relationship with the chief executive, providing support and advice, while respecting executive responsibility	
5. providing guidance and mentoring to new directors as appropriate	
The Chairperson displays efficient leadership, is open-minded, decisive, courteous, displays professionalism, able to coordinate the discussion, etc. and is overall steer the meeting effectively	
The Chairperson is impartial in conducting discussions, seeking views and dealing with dissent, etc.	

Annexure 2 | Criteria and Feedback form for Board Evaluation

This criteria and questionnaire have been designed to enable the assessment of overall evaluation of the Board.

Structure of the Board	Appropriate	Developing	Needs Development
The Board as a whole has directors with a proper mix of competencies to conduct its affairs effectively			
Board as a whole has directors with adequate experience to conduct its affairs effectively			
Board as a whole has directors with a proper mix of qualifications to conduct its affairs effectively			
There is sufficient diversity in the Board (Gender/background/competence/experience)			
The process of appointment to the board of directors is clear and transparent and includes provisions to consider diversity of thought, experience, knowledge, perspective and gender in the Board			
Meetings of the Board			
The meetings are being held on a regular basis			
The frequency of meetings is sufficient for the Board to carry out its duties properly			
The agenda is circulated well before the meeting and the agenda has all the relevant information to take decisions on the matter			
The outstanding items of previous meetings are followed-up and taken up in subsequent agendas			
Adequate and timely inputs are taken from the Board members prior to setting of the Agenda for the meeting			

