



HUMAN RESOURCE POLICY

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Human Resource Policy & Service Rules

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1. INTRODUCTION

First National Bank Modaraba is a small setup having specific business of Islamic financing which is a niche of financial sector. Due to its limited volumes and resources it recognizes the value of HR, and believes in lean mean & hungry management. It seeks to compensate for its smallness in numbers through quality, and to attract quality and experienced employees it believes in a market based salary structure.

It shall place a special emphasis on human resource development, dignity, and security, welfare of people who operate and work for the Modaraba

To be an equal opportunity employer, making employment decisions on the basis of merit. To treat all employees and job applicants without regard to race, sex, color, national origin, religion, age, or disability, in accordance with Labor Laws of Pakistan

1.2 Broader Principal of HR Policies:

- The Modaraba shall induct new employees on contract basis as per its needs or to fill up an existing vacancy.
- The Modaraba strives to attract and select high caliber qualified individuals with excellent performance potential as and when required.
- The Modaraba is committed to have an effective, transparent and equitable process of employment and placement in line with its HR policies, procedures, practices and legal requirements.
- To keep pace with the changing environment and skills requirement the Modaraba encourages continuous training and development to upgrade its employee's skills, knowledge and abilities for optimum performance in addition to capacity building.
- The senior management (hereinafter referred to as 'SM') structure shall comprise of Head of Credit & Risk Management, Company Secretary/CFO, Head of Marketing/Operations, Head of IT, and Head of Internal Audit who shall directly report to the CEO/MD.
- For SM positions a detailed and proper job descriptions, as required by the Modaraba, shall be prepared and put up to HR committee for approval.

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- All applications in these posts shall be made through a transparent process to ensure recruitment of experienced executives with qualifications relevant to the job description of the post.
- The compensation package for employees recruited on these posts shall be mentioned in their contract/appointment letters for which BOD approval will be necessary.
- For the rest of the positions CEO/MD shall construct a committee who will finalize the terms of the contract for appointees. A copy of the same will be presented to HR committee for ratification.
- All the terms of the employment shall be mentioned in the contract letters but wherever service rules shall require to be advised the Modaraba shall follow the prevailing NBP service rules. This will be made a condition in all appointment/contract letters.
- The decision of renewal of a contract should be made six months before its expiry by the competent authority and the process for the new appointment shall also be started six months before the expiry.
- Regarding succession planning, since it is a small setup in terms of number of employees, any replacement required will be managed through the six month process clause or as and when required.
- Every employee shall be evaluated annually on the basis of performance for which performance targets will be advised.
- All legal/statutory/regulatory requirements as applicable shall be fulfilled.

2. APPOINTMENTS

2.1 All appointments shall be made under a set criteria approved by the HR Committee from time to time as may be considered necessary by MD/CEO to implement the aims and to promote efficiency in the affairs of the Company.

2.2 Eligibility Criteria for Appointments

2.2.1 Nationality: In the matter of appointment in the Company preference shall be given to a Pakistani Nationals. When a suitable Pakistani is not available a non-Pakistani may be appointed on such terms and conditions and for such duration as the Competent Authority may decide.

2.2.2 Qualification: A person shall only be appointed to any post in the Company

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only if he/she possesses the relevant minimum qualification and experience as per decision of competent authority from time to time.

2.2.3 Appointment in the Company shall be contingent upon verification of personal data and certificates of service or qualifications, reference and any other information or particulars which the Company may require. If information is found incorrect at any subsequent stage, the services are liable to be terminated.

2.2.4 No person shall be eligible for appointment in the Company unless declared medically fit by the qualified Medical Doctor.

2.2.5 Disqualification: No person shall be appointed who has been dismissed from the Company service or by any Government department whether Central or Provincial or by any Semi-Government or Autonomous Body or from any previous employment for the reasons of misconduct etc., or convicted of a criminal offense involving financial embezzlement and moral turpitude. If after such appointment it is revealed that information of previous dismissal has been kept hidden from the Company, the Company shall have the right to remove unconditionally and without liability such a person from service without notice.

2.2.6 Prior to the joining, every employee of the Company will execute a declaration of secrecy/ fidelity as required by the Company.

3 RECRUITMENT/HIRING

Applications for appointments for any position shall be invited through advertisement in local newspaper. These applications will then be assessed and short listed by a committee headed by Admin Head of NBMMCL formed in consultation with HR committee for preliminary interviews.

Eligible candidates having qualifications M.Com/MBA/MPA/MAS/MSc (Economics)/ACMA/CA(Inter)/ACCA with experience upto three years may be hired upto the level of OG-II. CA/CFA with minimum experience of three years may be hired up to the level of OG-I. To fill the key posts eligible candidates having qualification M.Com/MBA/MPA/MAS/MSc.(Economics)/ACMA/ACCA/CA/CFA must have experience of 10 years for AVP, 14 years for VP, and 18 years for SVP in relevant disciplines.

3.1 Preliminary Interviews:

Preliminary interviews will be conducted by the Committee for final interview. Three candidates will be short listed for each position for final interviews by the Competent Authority.

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3.2 Final Interviews:

The final interviews of the short listed candidates recommended by the committee mentioned in clause 3.1 will be conducted by CEO / MD. However for the recruitment at SM positions shortlisted candidates shall be placed before the HR committee for final interview and then recommend to Board of Directors for final approval.

3.3 Appointment and fixation of pay

The approval of CEO/MD within the approved HR Policy (or Board of Directors for SM Positions) will be considered as the final approval. The CEO/MD will negotiate the pay package and other terms and conditions with the candidates.

3.4 Appointment Letter:

After approval appointment Letters will be issued to the selected candidates on the terms and conditions approved by the CEO/MD (or Board of Directors for SM Positions). All Appointment Letters will be signed by CEO/MD or by the person duly authorized by CEO/MD. Format of the Appointment Letter is attached as Annexure 'A'.

3.5 Resignation

3.5.1 An employee may leave the employment or the company may remove an employee by giving two months notice in writing or by paying a sum equal to the salary for that period or the proportionate basic salary for the unexpired period of the notice. The CEO/MD may, however, waive such notice period at his discretion.

3.5.2 Any employee who leaves with or without notice, or whose services are terminated by the Company with or without notice (as the case may be) shall not be absolved of the obligations to obtain proper clearance from the Company in writing. The Head of Human Resource will conduct an exit interview and present to the Board annually.

3.5.3 Attributable Gratuity Amount may be released within 3 months of resignation / retirement.

4 DISCIPLINARY ACTIONS AND PUNISHMENTS

Without prejudice to any other provision contained in this HR policy where an employee is found guilty of:

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- Negligence in performing his duty (except for circumstances beyond his control) which has directly resulted in quantifiable financial/business loss or bad reputation to the company;
- Doing acts that directly resulted in quantifiable financial/business loss or bad reputation to the company;
- Caused hindrance in the performance of duty by any other staff member;
- Obnoxious behavior detrimental to normal office etiquette or has caused harassment to any other staff member; or
- Any violation of rules and regulation contained herein or otherwise issued from time to time or of instructions of higher authority;

He will be liable to one or more of the following disciplinary action/punishment:

- Reprimand
- Postponement or stoppage of increment or promotion
- Forfeiture of pay for any period of unauthorized absence from duty
- Recovery from pay of the whole or part of any pecuniary loss caused to the company by the employee
- Degradation to a lower stage of pay in his grade or to a lower grade
- Removal from service which does not disqualify for future employment
- Dismissal which will involve permanent disqualification for future employment in the company.

4.1 Procedure

- 4.1.1 Where an employee is found or reported to have committed any irregularity mentioned above the CEO will, in ordinary course, decide the disciplinary action to be taken after making appropriate assessment of the matter.
- 4.1.2 If the circumstances so warrant the CEO may (or any officer authorized by CEO in this respect) cause a charge sheet to be issued to the employee and shall appoint an enquiry officer or an enquiry committee to hold an enquiry in the matter. The enquiry officer/committee shall:
 - Require the accused to submit a written defense and also if requested in writing let the accused be heard in person.
 - Inquire into the charges and may examine such oral or documentary evidence in support of the charges or in defense of the accused as may be considered necessary.
 - Submit a report along with the employee's statement to the authority ordering the enquiry.

The authority who has ordered the enquiry will, after receiving the report of the enquiry officer/committee, make the decision which shall be conveyed in writing to the employee.

4.2 Appeal

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4.2.1 The employee shall have the right to appeal or of making application for review of any of the penalties imposed upon him. Where the employee so desires he shall have a right to be heard in person before the applet authority.

4.2.2 The applet authority in all cases is the HR Committee of the Board.