



CODE OF CONDUCT
For
Board Members

14 November 2018

Company Secretariat
CONFIDENCE CEMENT LIMITED
Confidence Height
Plot-1, Lane-1, Road-2, Block-L, Haliashahr H/E, Chattogram.



Code of Conduct for Board Members

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**Code of Conduct for Board Members****Why Code?**

A code is also a very realistic document. Typically the values and principles presented are illustrated with several operational examples of the very types of dilemmas and ambiguities that an individual director or the board collectively might encounter in the course of exercising their responsibilities. The code describes the underlying principles and values so that a director can better understand and meet the expectations and requirements of the organization, even in cases not articulated in any document. The code creates a common vocabulary, and a sense of the ethical requirements for serving on a board. It facilitates dialogue about ethical issues and goes a long way towards ensuring that well-intentioned people will not mistakenly choose the wrong path when confronting situations not adequately addressed in policy, procedure, law, regulation or by-laws.

Consider the ideal of "fairness"--as defined in this example, fairness addresses treating everyone according to the same standard. But that may not mean treating everyone identically. Identical treatment may be easier to administer and to defend, as in the case of employee discipline, but it can be inherently unfair when measured against values such as justice, accountability and courage. A simple example is compensation. An understanding of fairness as "equality" (versus equity) could lead one to conclude that every person performing a given task should be compensated the same. Market forces may demand otherwise. Public sentiment - the voice of society - may have a different opinion. The principle of "What is fair?" is predicted to be a major question for public debate, especially regarding executive compensation, and that is a matter for the board.

Fairness also encompasses conflicts of interest. The principle here is that it is unfair to participate in decisions where one's responsibility is to act on behalf of others and where the outcome of a specific decision will impact the decision maker as well. That is why elected officials put their financial investments in blind trusts.



Code of Conduct for Board Members

Chairman's Message

Codes of Conduct for a Corporate Board of Directors

Generally speaking, codes of conduct for corporate boards of directors may be viewed as a recent phenomenon. More traditionally boards have been governed solely by a set of by-laws, or operational/procedural practices. In some cases the by-laws may have been supplemented by a document describing roles, responsibilities, perhaps even underscoring certain legal obligations or issues.

A code of conduct is different from by-laws or a statement of roles and responsibilities. A code of conduct outlines a set of fundamental principles, whether or not they are the basis for certain operational or legal requirements or prohibitions. Those principles help boards understand why the by-laws direct behavior in certain ways, why the laws require or prohibit certain actions and what is to be done when the by-laws and legal strictures are ambiguous or subject to interpretation. A code addresses the values of an organization and how they reflect the values of the larger society. It helps the board define what is right, fair, just and good in those cases where it may be less than obvious which path constitutes the high road. It defines operational ideals.

Ultimately a code serves the board in several ways and moves the board forward towards several goals.

- It is an ethical document defining what an organization means when it holds its directors to the highest ethical standards - details the fundamental maxim - do the right thing, by defining right and wrong in some detail.
- It has legal standing, in that the standards articulated become concrete evidence of the organization's expectations and intentions, with respect to the behavior of its directors.
- It is pragmatic in its examples and the efficiencies resulting from an agreed-to description of both organizational values and the behaviors that those values prescribe.
- It serves the organization in times of change and uncertainty, where the law and policy may be vague, or an issue is so new that law has not yet spoken.
- It brings society at large to the boardroom by reminding the board that they represent more than the shareholders. In addition to the stakeholders who depend on the board to do the right thing, society (and all of the interests it represents) also has a vested interest in the actions of the board.

Creating a code

Codes of conduct for boards do not exist in a vacuum. They do not replace by-laws and they do not define values absent society. They begin with an understanding of roles and responsibilities - they address the purpose of the board and how that board is to function. Those roles, responsibilities and functional criteria are typically found in the by-laws. While it may become the norm at some point that boards first create their codes, and then their by-laws, today the reverse is more typical. Board by-laws are usually a legal requirement at the time of the board's formation or the organization's incorporation. By-laws also look remarkably alike in that most of the elements of by-laws today have, of necessity, been captured in "boiler-plate" since there is so much in law and regulation they must address.

Neither do codes substitute for statements of roles and responsibilities. The organization decides what the board will do, how the board will serve and which decisions will remain the responsibility of the board. Typical of the responsibilities of boards are:



- Representing the interests of the investors/shareholders to the organization
- Directing the leadership regarding mission, vision and values
- Directing the leadership regarding strategy and strategic goals
- Overseeing the financial well-being of the organization
- Overseeing the operational effectiveness of the organization
- Selecting and overseeing the chief executive
- Serving as a court of appeals to senior management
- Self-assessment of the board and its members regarding its effectiveness
- Creating the structures and systems to ensure the above

Codes are also the primary vehicle for articulating how the core values/principles of the organization will function at the board level. There is no perfect set of values, nor is there an ideal number of values for an organization. Some believe that more than a handful of values dilute their significance. Others believe that every applicable value deserves attention. Typically codes list no more than seven to ten core values, choosing to "subordinate" others under the broader umbrellas. For example, the value of providing a harassment-free workplace, prominent in today's legal environment, may be highlighted because of society's concern for this issue. Or, it may be under the umbrella of "respect" — the broader core value. How it is listed is a matter of the board's preference. That it be addressed at all is a given in today's social and legal context.

Typical among the values used to define the ethical standards for boards are:

- Accountability
- Courage
- Excellence
- Fairness
- Honesty
- Honor
- Independence
- Integrity
- Leadership
- Quality
- Responsibility
- Respect
- Social responsibility/Community
- Sustainable development (a recent addition to many lists)
- Trust (not a value in and of itself - more the consequence of ethical conduct)

Please note that several of these values might be characterized as "ethical values" (e.g. honesty and fairness) while others are more aptly describe as "organizational values" (e.g. excellence and sustainable development). Board codes typically include both.

Creating the behavioral standards

While values are the foundation of a viable code, it is the language used to translate ideals into behaviors that makes a code a critical document for boards. Perhaps the simplest examples of that are "honesty" and "fairness". Both of these values have stimulated a good deal of public debate in recent years.

Codes often include a simple "business" definition of the core values they are presenting as foundational for the board's conduct, such as:

Honesty - Being candid, open, truthful and free from deception and deceit in all actions. Telling the truth, even when doing so may be difficult. Being forthcoming with all relevant facts and information.



Fairness - Consistently applying the same ethical standards to every person and situation. Acting in ways which do not provide inappropriate advantages or disadvantages to any party, or which could reasonably create the appearance of such advantage or disadvantage.

A code is also a very pragmatic document. Typically the values and principles presented that an individual director or the board collectively might encounter in the course of exercising their responsibilities. For example, in the description of how the board is expected to act fairly, a code would typically detail how fairness plays out on boards - issues of independence, conflicts of interest, and the need to separate personal needs from those of the organization.

The code describes the underlying principles and values so that a director can better understand and meet the expectations and requirements of the organization, even in cases not articulated in any document. The code creates a common vocabulary, and a sense of the ethical requirements for serving on a board. It facilitates dialogue about ethical issues and goes a long way towards ensuring that well-intentioned people will not mistakenly choose the wrong path when confronting situations not adequately addressed in policy, procedure, law, regulation or by-laws.

A handwritten signature in black ink, appearing to read 'Rezaul Karim', written over a light blue rectangular background.

Engr. Rezaul Karim
Chairman

**Code of Conduct for Board Members****Introductory Statement**

This Code of Conduct sets forth the general expectations of **Confidence Cement Limited (CCL)** for its Board of Directors, and describes standards of ethical behavior that each Director is expected to uphold. It does not address every situation that may be encountered, and is not a substitute for a Director's exercise of good judgment and common sense. A Director who has a question about a particular circumstance that may implicate a provision of this Code should address the question with the Chairperson of the Audit Committee, who may consult with inside or outside legal counsel as appropriate.

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations applicable in Bangladesh. In furtherance of this commitment, the Board of Directors (the "Board") promotes ethical behavior, and has adopted this Code of Business Conduct and Ethics for Directors ("Code") of Confidence Cement Limited.

Every Director must:

- (i) Represent the interests of the shareholders of the Company;
- (ii) Exhibit high standards of integrity, commitment and independence of thought and judgment;
- (iii) Dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties; and
- (iv) Comply with every provision of this Code.

Board Spokesperson

The board has adopted a policy with respect to designating a spokesperson on behalf of the board. Only the chair or designated person may speak on behalf of the board.

The Managing Director / CEO, or their designated person may speak on behalf of the organization.

No director shall speak or make representations on behalf of the board unless authorized by the chair or the board. When so authorized, the board member's representations must be consistent with accepted positions and policies of the board.

Compliance with Laws, Rules and Regulations

Directors shall comply with all applicable laws, regulations and rules, and with the Confidence Cement Limited Insider Trading Policies.

Conflicts of Interest

Directors must avoid conflicts of interest with Confidence Cement Limited ("the Company").

A conflict of interest occurs when:

- A Director's private interests interfere in any way, or can reasonably be expected to interfere in any way, with the interests of the Company;
- A Director or a member of his or her immediate family receives an improper personal benefit as a result of the Director's position as a Director of the Company; or
- A Director has other duties, responsibilities or obligations that run counter to his or her duty to the Company.

**Code of Conduct for Board Members**

A Director must immediately disclose to the Chairperson of the Audit Committee and the Chairman of the Board any situation that involves, or may reasonably be expected to involve, a conflict of interest. While this Code does not attempt to describe all possible conflicts of interest that could arise, the following are some of the conflicts of interest that Directors must avoid:

- Receiving loans or guarantees of obligations as a result of one's position as a Director;
- Engaging in conduct or activity that improperly interferes with the Company's existing or prospective business relationships with a third party;
- Accepting bribes, kickbacks or any other improper payments for services relating to the conduct of the business of the Company; and
- Accepting, or having a member of a Director's immediate family accept, a gift from persons or entities that deal with the Company, in cases where the gift, considered in light of the totality of the circumstances, would reasonably be expected to influence the Director's actions as a member of the Board.

Business Relationships with Directors

Any direct or indirect monetary arrangement for goods and services between a Director or a member of the Director's immediate family and the Company or a member of the Company's senior management must be approved by the Board of Directors.

Such approval shall not be required where:

1. The interest of the Director or family member is solely due to such person's status as a Director or the collective ownership by the Director and his or her family members of less than a 10% equity interest in the entity with which the Company has concluded such an arrangement;
2. Neither the Director nor a member of his or her immediate family is personally involved in (a) the negotiation or execution of the arrangement; (b) the performance of services or provision of goods pursuant to the arrangement; or (c) the monetary aspects of the arrangement.

Use of Corporate Information, Opportunities and Assets

Directors may not compete with the Company or use opportunities that are discovered through the use of Company information or their position with the Company for their own personal benefit or for the benefit of persons or entities outside the Company. Directors may not waste or improperly use any Company asset.

Engr. Rezaul Karim, who is the Company's Chairman and any employee, officer, director or advisor to Confidence Cement Limited and its affiliated entities who also serves as an officer or Director of the Company (each a "Covered Party") are not prohibited from, and the Company has renounced any interest or expectancy in, or being offered an opportunity to participate in, any investment opportunities in Securities that may come to the attention of any Covered Party other than:

1. investment opportunities that come to such Covered Party's attention directly and exclusively in such Covered Party's capacity as director, officer or employee of the Company;
2. control investments in companies in the mass merchandising, retailing, commercial appliance distribution, product protection agreements, residential and commercial product installation and repair services and automotive repair and maintenance industries;

**Code of Conduct for Board Members****Confidentiality**

A Director may never use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company. Directors shall not disclose Confidential Information outside the Company either during or after their service as a Director of the Company, except with the express or implied consent of the Board or as required by law.

Pursuant to their fiduciary duties of loyalty and care, Directors are required to protect and hold confidential all non-public information obtained due to their directorship position absent the express or implied permission of the Board of Directors to disclose such information. Accordingly,

- (i) No Director shall use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; and
- (ii) No Director shall disclose Confidential Information outside the Company, either during or after his or her service as a Director of the Company, except with authorization of the Board of Directors or as may be otherwise required by law.

“Confidential Information” means all non-public information entrusted to or obtained by a Director by reason of his or her position as a Director of the Company. It includes, but is not limited to, non-public information that might be useful to competitors or harmful to the Company or its customers if disclosed, such as:

- ✓ Non-public information about the Company’s financial condition, prospects or plans, its marketing and sales programs and research and development information, as well as information relating to mergers and acquisitions, stock repurchases and divestitures;
- ✓ Non-public information concerning possible transactions with other companies or information about the Company’s customers, suppliers or joint venture partners that the Company is under an obligation to maintain as confidential; and
- ✓ Non-public information about discussions and deliberations relating to business issues and decisions between and among employees, officers and Directors.

Waiver

Waivers of a provision of this Code can only be made by the Board of Directors, and shall be granted only in very exceptional circumstances. The Company shall disclose any such waiver and the reasons for it, in accordance with legal and regulatory requirements. A Director who becomes aware of a circumstance that may require a waiver shall promptly bring the circumstance to the attention of the Chairperson of the Audit Committee.

As a legendary company in the cement sector, Confidence Cement Limited is committed to demonstrating the high standards of ethical behavior expected by its valuable customers countrywide, shareholders, employees and other stakeholders. The Board of Directors is accountable for establishing the framework that creates the culture of integrity. The Board’s Audit Committee specifically oversees compliance by the company and its employees with laws, regulations and the company’s policies. Board members are responsible for complying with laws and regulations, including insider trading rules relating to securities transactions and reporting as well as avoiding behavior that might compromise the company’s success.

While no policy can anticipate every situation, the following Code of Conduct serves as ethical decision-making guidelines for the Board. Each director should comply with the letter and spirit of this Code of Conduct.

**Code of Conduct for Board Members****Avoiding Conflicts of Interests**

Directors should avoid any conflicts between their interests and the Company's interests. A conflict of interest can occur when a director's personal interest is adverse to the interests of the company or when a director (or a family member*) receives improper personal benefits as a result of his/her position as a director. To avoid any appearance of impropriety, directors must hold themselves to the highest ethical standards, understanding that the perception of a conflict can be as damaging as an actual conflict of interest.

It is difficult to describe all possible conflicts of interest, but several of the more common conflicts are listed below.

Business Relationships

Directors should always act in the company's best interests and in a manner that contributes to positive relationships with customers, suppliers, partners and others with whom General Mills does or proposes to do business.

Compensation from Non-Company Sources

Directors may not accept compensation (in any form) from any source other than General Mills for services performed for the company.

Gifts

Directors and members of their families may accept gifts of nominal value as long as they aren't being made to influence the directors' actions and don't create the appearance of a conflict of interest.

Personal Use of Company Assets

Directors may occasionally use company assets and labor for personal reasons if they limit the use to nominal value or get approval from the chair of the NRC of the Company, or as part of the compensation and expense reimbursement program available to all directors.

Pursuing Business Opportunities

Directors may not compete for, or pursue either personally or on behalf of another firm, company business opportunities, including opportunities that are discovered through the use of General Mills' property, information or their position as a director. A director may, however, pursue an opportunity that relates to the company's business if the company's disinterested directors determine that General Mills will not pursue it.

Reporting Violations

Directors should communicate any suspected violations of this Code promptly to the Chairperson of the Audit Committee. Suspected violations shall be investigated by or at the direction of the Board or the Audit Committee, and appropriate action shall be taken in the event that a violation is confirmed.

If directors have questions or suspect a violation of this Code, they should talk to the chair of the Audit Committee. The Audit Committee (or a designate) will investigate violations and take appropriate action. Waivers of this Code may be made only by the Audit Committee and must be disclosed in accordance with applicable legal requirements.

Directors who are also company officers should use the Employee Code of Conduct, along with this Code, as their guide.

**Code of Conduct for Board Members****The Directors' Should Follow:**

As a Director of Confidence Cement Limited, he/she must follow the below listed items (but not limited to):

Compliance with Laws, Rules and Regulations

The Company requires strict compliance by all its Directors with applicable laws, rules and regulations. These include BSEC's Securities Laws and other securities laws, including insider trading laws, and the Company's insider trading compliance policies.

Fair Dealing

Directors must deal fairly with the Company's employees, customers, suppliers and competitors. No Director may take unfair advantage of the Company's employees, customers, suppliers, or competitors through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

Accountability

The Code referred to herein is mandatory and applies to all Directors, who are accountable for compliance with the Code.

Directors should communicate any suspected violations of this Code promptly to the Chairman of the Nomination and Remuneration Committee and the Chairman of the Board. Suspected violations will be investigated by or at the direction of the Board or the Nomination and Remuneration Committee, and appropriate action will be taken in the event that a violation is confirmed.

Directors' Duties

All directors of the Company stand in a fiduciary relationship to the Company. As fiduciaries, directors must act honestly, in good faith, and in the best interests of the Company. Directors will be held to strict standards of honesty, integrity and loyalty. A director shall not put personal interests ahead of the best interests of the Company.

Directors must avoid situations where their personal interests will conflict with their duties to the Company. Directors must also avoid situations where their duties to the Company may conflict with duties owed elsewhere.

Respectful Conduct

It is recognized that directors bring to the board diverse background, skills and experience. Directors will not always agree with one another on all issues. All debates shall take place in an atmosphere of mutual respect and courtesy.

The authority of the chair must be respected by all directors.

Corporate Obedience – Board Solidarity

Directors acknowledge that properly authorized board actions must be supported by all directors. The board speaks with one voice. Those directors who have abstained or voted against a motion must adhere to and support the decision of a majority of the directors.

Obtaining Advice of Counsel

Request to obtain outside opinions or advice regarding matters before the board may be made through the chair.



Code of Conduct for Board Members

Board of Directors' Code of Ethics

Members of the board (including Non-Executive Independent Directors and ex officio members of the board) shall at all times abide by and conform to the following code of conduct in their capacity as board members:

1. Each member of the board of directors will abide in all respects by the *CCL Members' Code of Ethics* and all other rules and regulations of the Company (including but not limited to the Company's articles of incorporation and bylaws) and will ensure that their membership (or the membership of the entity for which they serve as officer, director, employee, or owner, as the case may be) in the company remains in good standing at all times. Furthermore, each member of the board of directors will at all times obey all applicable state and local laws and regulations and will provide or cause to provide the full cooperation of the association when requested to do so by those institutions and their persons set in authority as are required to uphold the law.
2. Members of the board of directors will conduct the business affairs of the company in good faith and with honesty, integrity, due diligence, and reasonable competence.
3. Except as the board of directors may otherwise require or as otherwise required by law, no board member shall share, copy, reproduce, transmit, divulge or otherwise disclose any confidential information related to the affairs of the company and each member of the board will uphold the strict confidentiality of all meetings and other deliberations and communications of the board of directors.
4. Members of the board of directors will exercise proper authority and good judgment in their dealings with company staff, suppliers, and the general public and will respond to the needs of the company's members in a responsible, respectful, and professional manner.
5. No member of the board of directors will use any information provided by the association or acquired as a consequence of the board member's service to the association in any manner other than in furtherance of his or her board duties. Further, no member of the board of directors will misuse company property or resources and will at all times keep the company's property secure and not allow any person not authorized by the board of directors to have or use such property.
6. Each member of the board of directors will use his or her best efforts to regularly participate in professional development activities and will perform his or her assigned duties in a professional and timely manner pursuant to the board's direction and oversight.
7. Upon termination of service, a retiring board member will promptly return to the company all documents, electronic and hard files, reference materials, and other property entrusted to the board member for the purpose of fulfilling his or her job responsibilities. Such return will not abrogate the retiring board member from his or her continuing obligations of confidentiality with respect to information acquired as a consequence of his or her tenure on the board of directors.
8. The board of directors dedicates itself to leading by example in serving the needs of the association and its members and also in representing the interests and ideals of the Company large.

**Code of Conduct for Board Members**

9. No member of the board of directors shall persuade or attempt to persuade any employee of the Company to leave the employ of the Company or to become employed by any person or entity other than the Company. Furthermore, no member of the board of directors shall persuade or attempt to persuade any member, exhibitor, advertiser, sponsor, subscriber, supplier, contractor, or any other person or entity with an actual or potential relationship to or with the Company to terminate, curtail, or not enter into its relationship to or with the Company or to in any way reduce the monetary or other benefits to the Company of such relationship.
10. The board of directors must act at all times in the best interests of the Company and not for personal or third-party gain or financial enrichment. When encountering potential conflicts of interest, board members will identify the conflict and, as required, remove themselves from all discussion and voting on the matter. Specifically, board members shall follow these guidelines:
 - ❖ Avoid placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of the Company; while the receipt of incidental personal or third-party benefit may necessarily flow from certain Company activities, such benefit must be merely incidental to the primary benefit to the Company and its purposes;
 - ❖ Do not abuse board membership by improperly using board membership or the Company's staff, services, equipment, resources, or property for personal or third-party gain or pleasure; board members shall not represent to third parties that their authority as a board member extends any further than that which it actually extends;
 - ❖ Do not engage in any outside business, professional or other activities that would directly or indirectly materially adversely affect the Company;
 - ❖ Do not engage in or facilitate any discriminatory or harassing behavior directed toward Company staff, members, officers, directors, meeting attendees, exhibitors, advertisers, sponsors, suppliers, contractors, or others in the context of activities relating to the Company;
 - ❖ Do not solicit or accept gifts, gratuities, free trips, honoraria, personal property, or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donor with respect to matters pertaining to the association without fully disclosing such items to the board of directors; and
 - ❖ Provide goods or services to the association as a paid vendor to the Company only after full disclosure to, and advance approval by, the board, and pursuant to any related procedures adopted by the board.



Code of Conduct for Board Members

Composition of Board of Confidence Cement Limited

1. Engr. Rezaul Karim	Chairman
2. Mr. Rupam Kishore Barua	Vice-Chairman
3. Mr. Imran Karim	Vice Chairman
4. Mr. Shah Muhammed Hasan	Director
5. Mrs. Runu Anwar	Director
6. Mr. Salman Karim	Director
7. Mr. Shamsu IAlam, BU	Director (Nominee of Confidence Steel Limited)
8. MG A K M Humayun Kabir,(retd)	Independent Director
9. Ms. Rabeya Jamali	Independent Director
10. Mr. Zahir Uddin Ahmed	Managing Director and Director- Ex-Officio

Company Secretary

Mr. Md. Delowar Hossain, ACS

N.B. The composition of the Board changed on 01-12-2019.



Conclusion

A code is also a very pragmatic document. Typically the values and principles presented are illustrated with several operational examples of the very types of dilemmas and ambiguities that an individual director or the board collectively might encounter in the course of exercising their responsibilities. For example, in the description of how the board is expected to act fairly, a code would typically detail how fairness plays out on boards - issues of independence, conflicts of interest, and the need to separate personal needs from those of the organization. The by-laws may offer direction to the board regarding the resolution of conflicts of interest - e.g. recusal from voting on a particular decision.

Defining the values in behavioral (as opposed to philosophical or academic) language is a necessary prelude to creating the body of the code. Events have highlighted both how important and how difficult it can be to create language that is both detailed enough to provide meaningful guidance and broad enough to cover all relevant circumstances.

The code describes the underlying principles and values so that a director can better understand and meet the expectations and requirements of the organization, even in cases not articulated in any document. The code creates a common vocabulary, and a sense of the ethical requirements for serving on a board. It facilitates dialogue about ethical issues and goes a long way towards ensuring that well-intentioned people will not mistakenly choose the wrong path when confronting situations not adequately addressed in policy, procedure, law, regulation or by-laws.

-----THE END-----