



# **IPDC Finance Limited**

**CODE OF CONDUCT FOR CHAIRMAN, BOARD MEMBERS &  
CHIEF EXECUTIVE OFFICER**

## ***1. PREFACE***

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The Securities and Exchange Commission of Bangladesh has issued a new Corporate Governance Guideline vide notification number No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 whereby it requires that the Board of Directors of every Company listed with any stock exchanges in Bangladesh shall lay down a code of conduct for all members of the Board including Chairman of the Board and Chief Executive Officer (hereinafter collectively as “**Board Members**”) of the Company to enhance corporate governance in the interest of investors and the capital market. In this context, IPDC Finance Limited (referred as ‘IPDC’) lays down the Code of Conduct for the Board Members herein referred to as” Code of Conduct for the Board Members of IPDC Finance Limited”. IPDC encourages good management as part of Corporate Governance. In order to achieve good governance, IPDC implemented the concepts of corporate governance with openness, integrity and accountability. This code is intended to focus the Board, its Chairman, Chief Executive Officer and each director on areas of ethical risk, provide guidance to directors to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability. Board Members must comply with the letter and spirit of this code. This code is intended to serve as a source of guiding principles for the Board Members. Board Members are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this code to the attention of the Chairman of the Board, who may consult with internal or external legal counsel as appropriate.

## ***2. DEFINITIONS***

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“**Company**” means IPDC Finance Limited, a limited liability company registered under the Companies Act, 1994.

“**Business Dealing**” or “**Business Transaction**” means any kind of transaction to which IPDC was, is, or is about to become, a party, except a transaction between IPDC and a board member of IPDC pursuant to the terms of any board member plans (as, for example, any retirement plan, profit sharing plan, stock option plan, employee residence purchases plan or the like), and except for a transaction between IPDC and any person, firm, or corporation primarily situated and is deal with on the same terms as the other persons, firms, or companies (as, for example, transactions involving the payment of dividends to stockholders, or the purchase of shares of stock in a corporation pursuant to an offer extended to other shareholders of IPDC).

“**Gift or Favor**” means anything of value; it may be in the form of money, goods, entertainment, services, price concessions not available to all IPDC Board Members or to members of the public

generally, preferential treatment, the use of property or facilities, loans (except normal terms), or in any other form.

**“Directly or indirectly”** refers to activities either by the board members personally, or by the Board Members through a family member, another company, or other party, or through a trust or other entity, which invests funds at the direction of the Board Members.

**“Financial Interest”** in an organization with which IPDC does business means any interest, direct or indirect, in the financial success or failure of such an organization regardless of how such an interest may have been acquired. It includes, for example, owning stocks or bonds, being a partner, being a creditor, or having any other arrangement as a result of which there is an interest in or claim upon the assets or income of the organization. It also includes any option, warrant, agreement or other right or claim to acquire any such interest.

**“Organization with which IPDC does Business”** means any person, partnership, firm, corporation or governmental unit, sub-division or agency with which IPDC deals for the sale, purchase, loan or rental of goods or services (excepting IPDC subsidiaries, foreign or domestic). It also refers to the owners, employees and other representatives of such organizations. The term includes, for example, distributors, dealers, and other purchasers of products which IPDC finances; suppliers of materials, equipment, parts or services, and distributors, agents or representative of such suppliers; subcontractors of suppliers if they furnish a substantial component or service for the product or service furnished by the supplier to IPDC; real estate brokers, construction contractors and subcontractors; advertising agencies and media representative; caterers; vending machine concessionaires; banks, securities dealers and brokers; insurance companies and agents; architects; attorneys; accountants; engineers; designers; and consultants.

**“Personal Interest”** – A Personal Interest is not limited to a pecuniary or economic advantage and can include any real or tangible interest that personally benefits the Director. A Personal Interest does not include an interest arising from the exercise of an official power or the performance of an official duty or function that:

- (i) applies to the general public;
- (ii) affects an individual as one of a broad class of the public; or
- (iii) concerns the remuneration and benefits of the Director.

**“Related Person”** – Spouse, associates, immediate family, friends or persons with whom the Director is connected by frequent or close association or a Personal corporation controlled by any of these individuals.

“**Spouse**” – Spouse means a person to whom the individual is married. Spouse does not include those who are separated or living apart, or those who have entered into a written agreement under which they have agreed to live apart, or those who are the subject of an order of a court recognizing the separation.

### ***3. APPLICABILITY***

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All the Board Members including Chairman and Chief Executive Officer are expected to abide by this code as well as other applicable IPDC policies or guidelines, as may be laid down from time to time.

### ***4. CODE OF CONDUCT***

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The Chairperson of the Board, other board members and Chief Executive Officer of the company are advised to read and understand carefully the code of conduct of IPDC so as to understand and act in accordance with highest standards of personnel and professional integrity, honesty and ethical conducts. The Board Members represent the interests of stockholders, in optimizing long term value by overseeing performance of the Company on stockholder’s behalf. The Board Members’ responsibilities in performing this oversight function include the following:

a) **Corporate Governance Practice:**

Shall maintain and help IPDC in maintaining highest degree of Corporate Governance practices.

b) **Duty of Care:**

Shall act in utmost good faith and exercise due care, diligence and integrity reasonably expected from an ordinary person of his or her knowledge and experience in performing their office duties.

c) **Duty of Loyalty:**

Board Members must act honestly, in good faith, and in the best interests of IPDC. In placing the interests of IPDC ahead of their own personal or business interests, Board Members must:

- i. be honest in their dealings within IPDC and with others on behalf of IPDC;
- ii. avoid situations where they could profit at the expense of IPDC, appropriate a business opportunity of IPDC, or otherwise put themselves in a position of conflict between their own Personal Interests and the best interests of IPDC;

- iii. avoid speaking against or undermining any decision of the Board, regardless of whether the Director agrees with or voted for that decision; and
  - iv. Shall not, without the prior approval of the Board, as the case may be, accept employment or a position of responsibility with any other organization for remuneration or otherwise that are prejudicial to the interests of IPDC and shall not allow personal interest to conflict with the interest of IPDC.
  - v. Shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment.
  - vi. Shall ensure that they use IPDC's assets, properties, information and intellectual rights for official purpose only or as per the terms of their appointment
- d) **Gift/Favor/Payments:**
- i. Shall not seek, accept or receive, directly or indirectly, any gift, payments or favour in whatsoever form from IPDC's business associates, which can be perceived as being given to gain favour or dealing with IPDC and shall ensure that IPDC's interests are never compromised.
  - ii. No Board Member shall, in connection with the transfer of the whole or any part of any undertaking or property of the company, receive any payment, by way of compensation for loss of office, or as consideration for retirement from office, or in connection with such loss or retirement from the transferee of such undertaking or property or from any other person, unless particulars with respect to the payment proposed to be made by such transferee or person, including the amount thereof, have been disclosed to the members of the company and the proposal has been approved by the company in general meeting. Where any of the Board Members of the Company receives payment of any such amount, the amount shall be deemed to have been received by him in trust for the company.
  - iii. Board Members must not solicit or accept benefits, entertainment or gifts in exchange for or as a condition of the exercise of his or her duties or as an inducement for performing an act associated with his or her duties or responsibilities with IPDC.
  - iv. Board Members generally may accept gifts, hospitality or other benefits associated with their official duties and responsibilities if such gifts, hospitality or other benefits:
    - are within the bounds of propriety, a normal expression of courtesy, or within the normal standards of hospitality;

- would not bring suspicion on the respective member's objectivity and impartiality; and
- would not compromise the integrity of IPDC.

v. An improper benefit should be returned to the person offering it as soon as practicable. If there is no opportunity to return an improper gift or benefit, or where the return may be perceived as offensive for cultural or other reasons, the gift must immediately be disclosed to the Chairman of the Board for his/her recommendation(s)

e) **Duty of Confidentiality:**

Shall maintain confidentiality of information entrusted by IPDC or acquired during performance of their duties and shall not use it for personal gain or advantage. Board Members must not divulge confidential information that he or she receives to anyone other than persons who are authorized to receive the information. The duty to maintain information in confidence continues after any of the Board Members ceases to be a member of the board of IPDC or employed by the same.

f) **Duty to Disclose/ Financial Interest/Conflict of Interest:**

- i. Shall in conformity with applicable legal provisions disclose personal and/ or financial interest in any business dealings concerning IPDC and shall declare information about their relatives (spouse, dependent children and dependent parents) including transactions, if any, entered into with them.
- ii. Board Members must not exercise any decision-making power which could bring about financial benefit to the respective individual due to his or her financial holdings, business interests or property interests.
- iii. Board Members must not personally enter into contracts or transactions where to do so may be detrimental to IPDC's best interests or where the activity is in conflict with the proper discharge of the Board Members' duties to IPDC.
- iv. Board Members must not use corporate property to pursue his or her Personal Interests or the interests of Related Persons for material personal gain where such use would result in additional material cost or any material loss to IPDC or otherwise detracts from the Board Members' performance of duties to IPDC. Corporate property includes real and tangible items such as land, buildings, furniture, fixtures, equipment, and vehicles and also includes intangible items such as data, computer systems, reports, information, proprietary rights, patents, trademarks, copyrights, logos, name, and reputation etc.

- v. The Board must advise the Chairman of the Board as soon as reasonably possible and effect disclosure in writing to IPDC at the first Board meeting at or after which the respective party becomes aware of such a matter.
  - vi. No Board Members shall, without the consent of the Company in general meeting, hold any office of profit under the Company except that of a managing director or manager or a legal or technical adviser or a banker.
- g) **Moral Turpitude:**
- Shall not commit any offences involving morale turpitude or any act contrary to law or opposed to the public policy
- h) **Communicating with Media:**
- Shall not communicate with any member of press print or electronic media or publicity media or any other outside agency on matters concerning IPDC, except through Chairman or any other person/member authorized by the Board.
- i) **Serving Customers and the Stakeholders**
- For ensuring standardized services and ethical business development, Board Members should identify their existing and potential users, side by side with the selection of service providers at various levels. Efficient and effective selection and categorization would enable IPDC to make proper business plan.
- j) **Service Provider**
- i. Analyze and determine customer base and review and understanding their needs effectively;
  - ii. Add in and provide product and service excellence with integrity and sincerity;
  - iii. Provide with secured and advanced banking facilities-products and services;
  - iv. Be fair and well-committed in serving the customers and stakeholders;
  - v. All services sold or served be passed - through the legal and regulatory processes; and
  - vi. Each type of stakeholders' involvement and concern be clearly defined and clearly understood.
- k) **Encouraging people for knowledge and skill enhancement**
- i) Providing opportunities for professional development;

- ii) Evaluating performance objectively; and
  - iii) Applying values & principles consistently.
- l) Delivering to Partners**
- i) Adherence to good corporate governance practices;
  - ii) Protecting intellectual property;
  - iii) Protecting reputation of IPDC; and
  - iv) Strengthening competitive behavior.
- m) Being Proactive**
- i) Anticipating and embracing changes;
  - ii) Encouraging and rewarding innovation responsibly; and
  - iii) Maintaining and sharing accurate and useful information.
- n) Working in Teams**
- i) Remain individually and make others accountable for every action;
  - ii) Refrain from favoritism and bias;
  - iii) Extract value from different perspectives;
  - iv) Work jointly and collectively; and
  - v) Acknowledge and appreciate value for both individual team contributions.
- o) Respecting Each Other and reciprocity**
- i) Recognize and respect human dignity;
  - ii) Provide/establish a working environment free of harassment and intimidation;
  - iii) Comply with social and occupational health & safety regulations; and
  - iv) Protect organization from damage/loss of physical assets.
- p) Guarding against Arrogance**
- i) Celebrate successes and achievements with modesty;
  - ii) Meet the legitimate expectations of stakeholders; and
  - iii) Express personal identity with dignity, courtesy and tolerance.
- q) Responsibilities**
- i. Responsibility to Shareholders**
    - a. IPDC should preserve the lawful benefits and interests of their shareholders;
    - b. Should make utmost endeavor to maximize profit and increase payout ratio for the



stakeholders; and

- c. Should make best effort to maximize company profit and manage the same ethically and properly.

## **ii. Responsibility to Customers**

To satisfy the customers-needs efficiently, IPDC requires to:

- a. Understand and honor the customer needs, as well as serve them indifferently, promptly and honestly;
- b. Ensure complete secrecy of customers` affairs/account information at all times unless asked by any competent court or any other lawful authority;
- c. Issue notice with reasonable time in case of closure of bank accounts for any legitimate reason(s);
- d. Provide customers with requested account statement accurately and promptly;
- e. Keep the customers updated regarding any suspicious operations in his account;
- f. Exercise due diligence in the operation of customer accounts; and
- g. Keep customers fully informed with all banking and financial products.

## **iii. Responsibility to Community/Society**

All banking and other financial activities of IPDC must comply with the recognized/established legal, regulatory, as well as social/community norms, customs and values.

## **iv. Commitment to the Environment**

Environmental and climatic protections are among the most pressing global challenges of the time. All of these are to be taken into account in all areas of lending/financing. Emphasizing on the areas of energy and climate change while lending, bankers would support the process of sustainable economic growth of the country. Bankers/financial managers must have firm commitment to choose and do the right things, along with the compliance of legal requirements. They must consider structural and non-traditional risks management options that inherent to banking and other financial activities side by side with the management of traditional financial risks, such as credit risk, market risk and operational risk etc. Risks inherent to environmental and social events/activities

also need to be taken into consideration.

**r) Leaving office / Involvement in Politics:**

- i.** Any Board Members, after leaving IPDC, must refrain from taking improper advantage of his or her previous office.
- ii.** Any Board Members' political activities must be clearly separated from activities related to his or her appointment. If engaging in political activities, in relation to their duties and responsibilities, Board Members must remain impartial and retain the perception of impartiality.

**s) Duty of Compliance:**

- i.** Shall ensure compliance of the prescribed safety & environment related norms and other applicable codes, laws, rules, regulations and statutes, which if not complied with may otherwise, disqualify him/ her from his/ her association with IPDC.
- ii.** Board shall comply with the provisions of Companies Act 1994, Financial Institutions Act 1993, Guideline and regulations of Bangladesh Bank, rules and regulations of Stock Exchanges, Bangladesh Securities and Exchange Commission (BSEC) and other regulatory authorities.
- iii.** Board Members shall comply with all applicable laws and regulations and with the Articles and By-Laws of IPDC and the policies of IPDC adopted by the Board from time to time, including this Code of Conduct.
- iv.** Shall ensure compliance with Policy related to Trading of IPDC Shares and must not involved in insider trading.

**t) Duty of Knowledge:**

Board Members must familiarize themselves with the relevant legislation applicable to IPDC and to the Board and satisfy themselves that appropriate safeguards are in place to ensure IPDC's or their compliance with that legislation.

**u) Reporting to the Chairman:**

A member of the Board must report to the Chairman of the Board any activity concerning the Board Members of IPDC which:

- i.** he or she believes contravenes the law:
- ii.** represents a real or apparent conflict of interest or a breach of these standards of conduct;

- iii. represents a misuse of Company funds or assets; or
- iv. represents a danger to public health, safety, or the environment
- v. the Chairman of the Board shall investigate any complaint of non-compliance with the Code of Conduct with respect and impartiality and report to the Board with his or her recommendation.

#### ***5. DECLARATION/ ACKNOWLEDGMENT AND COMPLIANCE CERTIFICATE:***

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At the end of each financial year every member of the board must, submit the declaration/acknowledgement and compliance certificate to the Chairman of the Board as per Appendix – I within 30 days of the close of financial year.:

- i. a declaration that he or she has, during the previous calendar year, complied fully with this Code or that he or she has during the previous calendar year, complied with the Code except for the specific circumstances which the Board Members/Director must detail; (Annexure I)
- ii. acknowledge receipt of the Code or any modification(s) thereto, in the acknowledgement form annexed to this Code as annexed herewith
- iii. a list of all directorships or positions of fiduciary responsibility which the director holds in a company, society, or organization.

#### ***6. OWNER, COMPLIANCE TRACKER AND FREQUENCY OF REVIEW OF THIS CODE OF CONDUCT:***

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- i. The Company Secretary will be the owner of this code of conduct. The owner will have the responsibility of recording and documented the compliance status (Compliance Tracker) of this Code of Conduct. Any breach of the aforesaid Code must be brought to the notice of the Chairman of the Company for necessary action
- ii. This code of conduct is subject to review in three years or at any other time as the Board may deem fit.

**Annexure-I**

**ACKNOWLEDGEMENT AND COMPLIANCE CERTIFICATE**

To,

Board of Directors

IPDC Finance Limited

**Acknowledgement and Compliance Certificate**

I, \_\_\_\_\_, being a member of the Board of IPDC Finance Limited. (“the Company”) hereby acknowledge, confirm and certify that: I have received, read and understood the Code of Conduct for the Board Members and hereby declare that I shall comply the said Code of Conduct without any exceptions, and shall notify the Chairman of the Board immediately upon anything otherwise.

**Signature, Name and Designation**

**Date:**

**Note:**

Please sign and return this form to the Chairman.