

Codes of Conduct for the Board Members

Background and Purpose

A Board of Directors [“the Board”] is a body of elected or appointed members who collectively oversee the activities of a company. Its activities are determined by the powers, duties and responsibilities delegated to it or conferred on it by an authority and these matters are typically detailed in the Articles of Association. The Articles of Association commonly also specify the number of members of the Board, how they are to be appointed, when they are to meet and the manner/ procedure they should follow. In addition to that the Board may lay down a code of conduct for its members.

Bangladesh Securities and Exchange Commission (BSEC) has issued a notification regarding Corporate Governance Guidelines Corporate Governance Code [Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018]. The conditions of the Corporate Governance Guidelines are imposed on ‘comply’ basis aiming to enhance corporate governance in the interest of investors and the capital market. The companies listed with any stock exchange in Bangladesh shall comply with these conditions. As per condition 1.2(v) of the said guidelines, “the Board of Directors of a listed company shall lay down a code of conduct of all Board Members and annual compliance of the code to be recorded”.

In view of the above, the Board of Information Technology Consultants Ltd. laid down a Codes of Conduct of Board Members in its Meeting held on October 25, 2018 and duly approved.

Code of Conduct

1. The Chairman

- The Board Members shall elect a Chairman from amongst themselves.
- If at any meeting of the Board the Chairman is not present at the time appointed for holding the same the Vice Chairman, in the absence of the Chairman and the Vice Chairman the Managing Director and in the absence of them the Directors present shall choose one Director to be the Chairman of such Meeting.
- The Chairman is expected to lead the Board with reasonable restraint and should at all times strive to build consensus on all contentious matters where there is divergence of opinion expressed in the course of performance of their jobs as such. However in case of equality of votes in deciding any question, the Chairman shall have a second or casting vote.
- The Chairman as the first among equals should act as an honest spokesperson of the Board and air only views already debated and decided upon by the Board. In other words his/her personal opinions / wish lists should be avoided in press conferences and meets. It would be proper to have certain key issues decided at the Board before they are made public.

2. General Duties

- Fiduciary Duties
The duties imposed on Board Members are fiduciary duties, similar to those that the law imposes on those in similar positions of trust : agents and trustees.
- Powers vs Duties
The powers apply to the Board jointly, while the duties apply to each Board Member separately.
- Contribution in Meetings/Debates

The Board Members are expected to contribute to the debates in the Board without any personal biases or other prejudices with the conviction and belief that the outcome of every debate would be towards the advancement of the company.

- **Compliance of Laws**

The Board Members, while complying with the laws, is expected to do more than merely act within the law.

3. Proper Purpose

- Board Members must exercise their powers for a proper purpose.

4. Unfettered Discretion

- Board Members cannot, without the consent of the company, fetter their discretion in relation to the exercise of their powers, and cannot bind themselves to vote in a particular way at future board meetings.

5. Transactions with the company

- A Board Member shall not enter into a transaction with a company where there is a conflict between his interest and duty without the knowledge of the Board.
- It is a statutory duty of the Board Member(s) to declare interests in relation to any transactions, and to make proper disclosure thereof.

6. Use of Corporate Property, Opportunity or Information

- A Board Member must not, without the informed consent of the company, use company's assets, opportunities or information for his/her own profit.

7. Competing with the company

- A Board Member must not compete directly with the company without a conflict of interest arising.
- A Board Member should not engage himself directly or indirectly, or should not act as a director, officer, employee, consultant, partner, agent or major shareholder in any business or undertaking that competes with the company.

8. Confidentiality

- Each Board Member must use utmost care and discretion in the handling of confidential information and other information not normally available to the public, generally coming to them by reason of their directorship, office or engagement. Such information shall, subject to certain limited circumstances, not be disclosed to third parties and/or not be used for personal benefit or for the benefit of family, friends or associates.

9. Conflict of Duty and Interest

- As fiduciaries, the Board Members must not put themselves in a position where their interests and duties conflict with the duties that they owe to the company.
- Each and every Board Member has an obligation of loyalty to the company and should subordinate his/her personal interest when they conflict with or threaten to conflict with the best interests of the company.
- Each and every Board Member shall declare all actual or potential material conflicts that may arise between their duty to the company and their personal obligations, other fiduciary duties or financial interests (direct or indirect) and these conflicts shall be reported to the Board.

- A Board Member should disclose the fact if he/she is engaged, directly or indirectly, as a director, officer, employee, consultant, partner, agent or major shareholder in any business or undertaking that competes with, does business with or seeks to do business with the company.
- With respect to restricted party transactions, full disclosure of material transactions shall be recorded in the Board's Minutes and will be transacted in accordance with legislated restrictions.
- To avoid conflicts of interest, the Board Members must do more than merely act within the law. They must conduct their affairs in such a manner that their performance will at all times bear public scrutiny.
- The appearance of conflict of interest as well as the conflict itself must be avoided.

10. Accepting Gifts

- No Board Member shall accept any gift, hospitality or favour offered or tendered by virtue of the position with the company.
- When dealing with public officials whose responsibilities include the business of the company, acts of hospitality should be of such a scale and nature so as to avoid compromising the integrity or reputation of either the public official or the company. Such acts of hospitality should be undertaken in the expectation that they could well become a matter of general knowledge and public record.

11. Reporting of Questionable or Fraudulent Actions

- The Board Members shall report to the Board or to the Audit Committee about their awareness of any situation which might adversely affect the reputation of the company. This would include any questionable, fraudulent or illegal events or material actions in violation of company policy which comes to their attention.

12. Cooperation with Auditors

- Every Board Member is expected to comply promptly with any request from internal and/or external auditors for assistance and to provide full disclosure of any situation under investigation.

Acceptance of this Code

- All Members of the Board of Directors, including any new member who may assume office as from this date, shall sign this Code of Conduct.
- These signed copies shall be preserved by the Company Secretary.

Affirmation & Compliance of the Code

- All Board Members shall read this Code at least annually and certify in writing that they have done so and that they understand the Code.
- Annual compliance of the code by all Board Members shall be recorded in a meeting of the Board of Directors.

Conclusion

- This document is applicable with immediate effect.
- The Board shall have the authority to make amendment to this document at any time.