



**Corporate office:**

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## Code of Conduct for the Chairperson

### Background and Purpose

A Board of Directors is a body of elected and/or appointed individuals 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 commonly also specify the number of members of the Board, how they are to be appointed, how frequently 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 Code [Notification No. SEC/CMRRCD/2006-158/207/Admin/80 dated 3<sup>rd</sup> June 2018]. The companies listed with any stock exchange in Bangladesh shall comply with these conditions. As per condition 1.7(a) of the said codes, ***“the Board of Directors of a listed company shall lay down a code of conduct based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6 for the Chairperson of the Board.”***

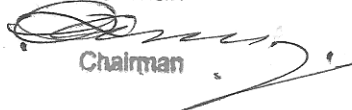
In view of the above, the Board of Directors of **Sonargaon Textiles Limited** laid down and revised the Code of Conduct for the Chairman of the Board in its Board Meeting held on 30 January 2022 as per Corporate Governance Code dated on 3<sup>rd</sup> June 2018.

### Code of Conduct

#### 1. The Chairman

- The Directors shall elect a Chairman from amongst themselves. All meetings of the Board of Directors shall be presided over by the Chairman. If at any meeting of the Board, the Chairman be not present at the time appointed for holding the same, such meeting shall be presided over by the Vice-Chairman, if any, and if none be present the Directors present shall elect Chairman to preside over that meeting.
- The Chairman manages and provides leadership to the Board of Directors of the Company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer (CEO)/Managing Director (MD).
- The Chairman is expected to lead the Board of Directors 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.
- 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.
- If the Chairman himself is interested in any item of business, he shall entrust any other dis-intrested Director present to conduct the proceedings in respect of such item. After the transaction of the item of business is over then the Chairman may resume his position.
- The Chairman shall execute the process of formation of different type Board Sub-Committees of the Board.

A.K.M. Azizur Rahman



Chairman

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- **Fiduciary Duties**

The duties imposed on Chairman are fiduciary duties, similar to those that the law imposes on those in similar positions of trust: agents and trustees.

- **Contribution in Meetings/Debates**

The Chairman is 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.

## **2. Proper purpose**

The Chairman exercises his power for greater interest of the Company. In case of any difficult situation he may exercise casting vote to untie the situation.

## **3. Conflict of duty and interest**

- The Chairman must keep him aloof from any decision that may arise conflict of interest.

## **4. Accepting Gifts**

- The Chairman shall not accept any gift, hospitality or favour offered or tendered by virtue of the position with the company which may arise favoritism

## **5. Acceptance of this Code**

- The Chairman shall sign this Code of Conduct.
- These signed copies shall be held by the Company Secretary.

### **Affirmation & Compliance of the Code**

- The Chairman shall read this Code at least annually, and shall certify in writing that he has done so and that he understand the Code.

### **Conclusion**

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

**Note:** This Code of Conduct (COC) for the Chairman has been approved in the Board of Directors' Meeting of Sonargaon Textiles Limited was held on 30<sup>th</sup> January 2022.

A.K.M. Azizur Rahman



Chairman