

**CODE OF CONDUCT AND RESPONSIBILITIES FOR BOARD OF DIRECTORS (BOD),  
CHAIRPERSON AND MANAGING DIRECTOR (MD) AND EMPLOYEE  
OF PACIFIC DENIMS LTD. (PDL)**

**CORE VALUES & CODE OF CONDUCTS**

**ETHICS:**

Since inception, Pacific Denims Ltd. (PDL) has been governed by integrity, honesty, fair dealing and fulfillment with all applicable laws. PDL believes that everyone can be benefited from practicing and promoting ethical behavior. Honesty and integrity foster a positive working environment that strengthens the confidence of all our stakeholders.

Our Code of Ethics and Business Conduct addresses moral handling in our working environment, business practices and relationships with external stakeholders. We believe that as a result of consistently practicing our code of business conduct.

The Code explains the standards of behavior that Pacific Denims expects of its employees in their daily activities and dealing with others. It also identifies guiding principles to help them make decisions consistent with PDL's values and reputation.

This code covers various situations which a PDL employee may face in the areas of financial control, personal integrity, conflicts, etc., and the role which they should play in such circumstances. This code provides a common code of conduct, which should be adhered to, by all PDL's employees.

**CONFLICTS OF INTEREST**

A Conflict of Interest occurs when personal interests of an employee or the interests of a third party compete with the interests of the Company. If a conflict-of-interest situation occurs or if an employee faces a situation that may involve or lead to a Conflict of Interest, then the employee discloses it to his or her reporting Manager and/or the HR or the Legal or Compliance Function to resolve the situation in a fair and transparent manner.

An Employee of PDL shall always act in the interest of the company, and ensure that any business or personal association which he / she may have does not involve a conflict of interest with the operations of the company and his/her role therein.

- Shall not be involved in the decisions pertaining to companies where he/she holds financial interest directly or indirectly, including through close relatives in a company.
- Shall not direct business to a supplier managed by a relative or close friend.
- Shall not solicit subcontractors and vendors for donation/advertisements to a charity, in which the employee is involved.
- Shall not treat personal expenses/trips as business expenses/trips.
- Shall not take part-time job requiring the employee to spend time, during normal working hours or using office equipment in meeting personal responsibilities.
- Shall not be in a position to influence career decision about a spouse or relative.

- Shall not pursue any business or profession outside PDL including consultancy. The above shall not apply to (whether for remuneration or otherwise):

## **GIFTS**

Buying equipment from suppliers for personal use at high discounts is absolutely prohibited.

Small value gifts and flowers on festive occasions from anyone are normally acceptable. High value gifts in extraordinary circumstances, if required, need to be specially approved by the concern management.

## **CONFIDENTIALITY AND DISCRETION**

PDL values and protects confidential information and respects the confidential information of others. Confidential information consists of any information that is not or not yet public information. It includes innovations, ideas, trade secrets, business, marketing and service plans, engineering and manufacturing ideas, product recipes, designs, databases, records, salary information and any non-published financial or other data. Continued success of PDL depends on the use of its confidential information and its nondisclosure to third parties. PDL may provide all confidential information as per requirement of regulatory authority with permission of the Board.

Executives should, at all times, realize that they are in possession of sensitive, classified and confidential information that should not be parted with, in any circumstances to Competitors, Investment analysts, Stock brokers, Newspaper reporters and Government officials before intimating the same to BSEC, DSE & CSE as material or price sensitive information. Some illustrations of such information are given here.

- Financial Information.
- Tax Planning Measures.
- Potential Joint Venture deals being negotiated.
- New Product Introductions.
- Manufacturing Process and Recipe for Products.

Employees should maintain total confidentiality with any such classified information.

## **PERSONAL INTEGRITY**

In day—to—day work most employees are called upon to support broad company objectives like creating equal employment opportunity and environmental protection in the organization. Some responsibilities are on a more personal level. For example, every employee also has a direct role in helping to keep the company's records accurate and in protecting company assets.

## CODE OF CONDUCT

- **Compliance with Company's Laws, Rules and Regulations**

Every employee of PDL shall devote their whole time and attention to and use their best skills and care in the business and affairs of the Company and at all times faithfully and diligently perform such duties assigned to them by the Company.

- **Compliance with Labor Law**

Notwithstanding anything to the contrary in this document if, in the opinion of the Company, they commit any breach in the observance of performance of their obligations hereunder or if they are, in the opinion of the Company, guilty of any misconduct, including disobedience, breach of duty or gross carelessness or if they absent themselves without leave then and in any and every such case it shall be lawful for the Company, (notwithstanding any waiver by the Company of antecedent breach or circumstances justifying the termination of their services under this clause) to terminate this employment forthwith without notice whatsoever and/or to dismiss them from the services of the Company without prejudice to the Company's remedial rights in respect of such breach or circumstances. In the event of such termination or dismissal they will be entitled to their salary including all allowances up to the date of termination according to the provisions of labor law.

- **Maintenance of Secrecy**

All Confidential Information belongs to the Company and is always to be used for the Company's benefit, needless to mention, such obligation on employee's part will have to be honored, even after they cease to be associated with the Company. Hence, if there is any apprehension that the Confidential Information could be misused to the Company's detriment, you should refrain from associating, joining, or taking up employment with any other person for such period, as is considered necessary by the Company. They can also during their tenure with the company and during the notice period prior to their separation from the company, be restrained from coming to work, associating or communicating with the Company officials for such time as is considered necessary.

- **Accuracy of Records and Reporting**

All of our books, records, accounts and financial statements are being maintained in reasonable details, appropriately reflecting our Company's transactions and conforming to all applicable legal requirements. PDL believes that accurate information and reports helps the management to take accurate decision. To keep and maintain maximum accuracy, PDL introduced effective internal control system. Officials of the Company are instructed to report in time to DSE/CSE/BSEC as per their requirement.

- **Corporate Opportunities**

We are committed to advance PDL's business. Employees shall not compete with the Company. Employees shall not take personal advantage of business opportunities that they discover during the course of their employment. Employees are prohibited from using corporate property, information or position for personal gain and/or benefits.

- **Antitrust and Fair Dealing**

Employees of Pacific Denims shall behave decently and ethically with other people. They are conscious and vigilant with respect to deceive, undue preference, illegal activities committed within the office.

- **Relationship with other Stakeholders**

Every employee shall also not request, encourage or cause any of the past, present or prospective customer, supplier, employee or independent contractor to withdraw, curtail or cancel a business relationship with the Company or otherwise interfere in any manner with the relationship between the Company and such past, present or prospective customer, supplier, employee or independent contractor.

## **RESPONSIBILITIES OF CHAIRPERSON**

The Board shall elect a Chairman from among the Directors. Should the Board by a resolution so decide, a director may assume the powers and duties of the Chairman when the Chairman is absent. The Chairperson is primarily responsible for the activities of the Board and its Committees. She/He shall act as the spokesman of the Board and is the principal contact for the CEO and the Management team. The CEO and the Chairman shall meet regularly. The Chairman usually presides over General Meetings. Directors, when appointed, participate in an induction program and, as needed, additional education or training programs; The Chairman also perform following activities:

- To ensure the management committee functions properly
- To plan and run meetings in accordance to the governing document
- To facilitate change and address conflict within the Board
- To communicate with the chief officer, as appropriate, to keep an overview of the organization's affairs
- To co-ordinate the committee to ensure responsibilities for particular aspects of management (e.g. personnel matters, financial control etc.) are met and specialist expertise is employed as required
- To be aware of current issues that might affect the organization

## **RESPONSIBILITIES OF BOARD OF DIRECTORS (BOD)**

The Board is elected by and is accountable to the Shareholders. Except for decisions explicitly reserved for Shareholders (by applicable law or regulation, or by the Constitution), the Board has full authority to carry out all activities necessary to provide effective strategic guidance and sound oversight of PDL. Its ultimate goal is to create long-term shareholder value, while taking into account the interest of its stakeholders.

- Reviewing, approving, and monitoring the Company's long-term strategic objectives and business plans of management, including any performance indicators and targets to be used in relation to the strategy.
- Setting the risk appetite for the Company, including specific targets, caps, or indicators related to the risk appetite.

- Monitoring the overall performance of the Company's progress towards its strategic objectives, and in line with its defined risk appetite.
- Establishing a framework of effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets and the steps taken by management to monitor and control such risks.
- Overseeing and approving the risk management framework and associated policies and procedures used by management to effectively manage risk.
- Approving the appointment and dismissal of the internal auditor.
- Overseeing the integrity of the financial statements, the compliance with legal and regulatory requirements, the performance, qualifications, and independence of the external auditor, and the performance of the internal audit function.
- Overseeing the internal control framework used by management and ensuring it is efficient and effective.
- Overseeing and approving the human resource policies and framework of the Company.
- Determining the remuneration and incentive schemes, including key performance indicators, for senior executives
- Evaluating the overall performance of key senior executives and taking corrective actions as needed.
- Developing succession plans and developmental objectives for senior executive positions.
- Identifying, evaluating, selecting and recommending potential candidates for election as Directors by Shareholders.
- Evaluating the overall performance and effectiveness of the Board and each Director, and taking corrective actions as needed.
- Overseeing the Company's corporate governance framework and ensuring compliance with approved policies.
- Set the Company's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met.
- Ensuring stakeholders' interests are considered and the Company conducts its business in a socially responsible manner to the extent practical.

## **RESPONSIBILITIES OF MANAGING DIRECTOR (MD)**

MD/CEO shall perform all activities to attain the Company's goal as per criteria set by BOD

- To ensure that the company continues to operate efficiently and effectively and grow investors' wealth further through utilizing its assets properly
- Continuous monitoring of the annual budget and ensure that revenue/sales targets are met.
- Research and implement new initiatives to drive revenue, lower operating costs
- To protect Company's assets
- To develop R&D to compete the world market and expand the business arena
- To ensure transparency and accountability as per the compliance

## **POLITICAL NON-ALIGNMENT**

As a secular and nonpolitical enterprise, PDL shall not have any type of political alignments:

- PDL shall be committed to and support the constitution and governance systems of the country in which it operates.
- PDL shall not support any specific political party and not have any political affiliations.
- All PDL Employees are free to contribute or participate in the political process if it does not create conflict of interest or invade work related commitments.

## **PROTECTING COMPANY ASSETS**

It is the responsibility of all employees to protect the interests of all stakeholders of the company.

The assets of PDL shall not be misused; they shall be employed primarily and judiciously for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials and resources, as well as intangible assets such as information technology and systems, proprietary information, intellectual property, and relationships with customers and suppliers.

## **DONATIONS**

Any amount of donation shall be made only with prior approval of Chairman/Board of Directors/CEO. This will include advertisement in the souvenir or any such support directly or indirectly.

## **CORPORATE CITIZENSHIP**

PDL shall be committed to good corporate citizenship, not only in the compliance of all relevant laws and regulations but also by actively assisting in the improvement of quality of life of the people in the communities in which it operates. The company shall encourage volunteering by its employees and collaboration with community groups.

## **REGULATORY COMPLIANCE**

Employees of PDL, in their business conduct, shall comply with all applicable laws and regulations, in letter and spirit.

Directors of PDL shall comply with applicable laws and regulations of all the relevant regulatory and other authorities. As good governance practice they shall safeguard the confidentiality of all information received by them by virtue of their position.

## SECURITIES TRANSACTIONS & CONFIDENTIAL INFORMATION

Handling of sensitive and confidential information relating to the business of PDL is very crucial. We respect and follow the Insider Trading Rules when buying or selling PDL's securities. PDL prohibits the purchase and sale of its shares or securities on the basis of potential share prices and relevant information which is not yet public. PDL aware its employees regarding the insider trading rules. It is also a highly regulated area which requires compliance.

An employee of PDL shall not use or proliferate information that is not available to the investing public, and which therefore constitutes insider information, for making or giving advice on investment decisions about the securities of PDL client or supplier on which such insider information has been obtained. Such insider information might include (without limitation) the following:

- Acquisition and divestiture of businesses or business units.
- Financial information such as profits, earnings and dividends.
- Announcement of new product introductions or developments.
- Asset revaluations.
- Investment decisions/plans.
- Restructuring plans.
- Major supply and delivery agreements.
- Rising of finances.

## NOMINATION AND REMUNERATION COMMITTEE

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRR D/ 2006-158/ 207/Admin /80, Date: June 03, 2018 on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC). This policy on nomination and remuneration of Directors and top-level executives of the company has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors. This is a sub-committee of the Board. The Nomination and Remuneration Committee (NRC) of PACIFIC DENIMS LIMITED is Comprised of the following members:

Name	Designation	Position
Mr. Md. Belayet Hossain, Advocate	Independent Director	Chairman
Mr. Md. Shafiul Azam (Mohsin)	Nominee Director (Disney Properties Ltd.)	Member
Mr. Md. Sohel Khan	Director	Member
Mr. Md. Sorhab Ali	Company Secretary	Secretary

## TERMS OF REFERENCE

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as policy for formal process of considering remuneration of director, top level executive.

## ROLE OF THE NRC

- NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board:
  - (i) formulation the criteria for determining qualification, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
    - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - (c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background.
  - (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
  - (iv) formulating the criteria for evaluation of performance of independent director (s) and the Board;
  - (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
  - (vi) developing, recommending and reviewing annually the Company's human resources and training policies;

## OBJECTIVE

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/top management team required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and



- remuneration to directors, top level executives reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

## **ENVIRONMENT**

As a good corporate citizen, PDL assumes and undertakes initiatives to promote greater environmental responsibility. Most of PDL's businesses have plenty of impact on external environmental factors. We are highly committed to comply global and local environmental standards. We have implemented 3R i.e. Reduce, Re-use, Recycle in our value system to attain energy efficient culture within our business entities. Environmental protection legislation is consistently being reviewed locally and internationally. To cope up with the reviewed legislation, we always maintain the following environmental obligations:

**Reduction of Natural Resources Consumption:** We minimize using energy and water within our premises and processes in order to conserve supplies and reduce the consumption of natural resources.

**Water Treatment Plant Usage:** To keep away from causing any environmental hazard, the factory uses water treatment plant to purify the wastage water and stays vigilant about any type of green pollution.

**Goods Purchase:** We always purchase preferable products and services for all our daily operational needs that do the least damage of our environment.

**Pollution Prevention Practice:** We conserve natural resources by adopting pollution prevention practices.

**Equipment's Life Expansion:** In order to extend the life of equipment, we take some initiatives through preventive maintenance scheduling, purchasing and reworking of used equipment etc.

**Sensitive Equipment Records:** We regularly inhibit including prevention and repair of leaks, checking for leakages and keeping records of the most sensitive equipment.

In addition, we regulate work includes disposing, maintaining, servicing and dismantling the disposal, maintenance, servicing and dismantling of refrigerators, freezers, air-conditioning equipment and heat pumps as well as decommissioning of fire protection equipment and extinguishers.

## **ANTI-CORRUPTION**

PDL has principled its business to the highest level of good governance and ethics. We have a detail anti-corruption policy written for every employee of the company. We follow zero-tolerance strategy in case of any corruption takes place within the entities of our group. We always took record of our instances of corruption and refer the same to minimize the repetition of conducting the corruption in future.

## **EMPLOYEE RELATIONS**

PDL recognizes that people are the most important resource and key to success of any organization. To develop and equip the employees with key skills, the company places great emphasis on the development of its people and hence training and workshops are arranged at regular interval for their training and updating knowledge on the respective functional areas.

## **EMPLOYEE RETENTION**

PDL believes that the loyal and dedicated employees are the foundation of its existence and achievements. Board of PDL ensures safe and secured working environment for its workforce.

To hold a long-lasting harmonious relationship with them, the Management rewards and provides the employees differently through a good number of financial, non-financial benefits, incentives and strategies, such as Career Progression Opportunity, Festival Bonus, Incentive Bonus, Production Bonus, Pick-up and Drop Off Transportation Facility etc. The company also provides dormitory facilities for a number of its selective workers.