



হাক্কানী পাল্প এন্ড পেপার মিলস্‌ লিঃ
HAKKANI PULP & PAPER MILLS LTD.

**CODE OF CONDUCT FOR THE CAHIRPERSON,
OTHER BOARD MEMBERS AND MANAGING
DIRECTOR.**

October -2019

COMPANY SECRETARIAT

HAKKANI PULP AND PAPER MILLS LIMITED

2/10, DT Road, North Pahartali, Chattogram.

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[Code of Conduct]



a member of
HAKKANI GROUP

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General Guideline of Board of Directors

This code of Conduct sets forth the general expectations of Hakkani Pulp & Paper Mills Limited 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 conduct 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 Director (the "Board") promotes ethical behavior, and has adopted this code of Business Conduct and Ethics for Directors ("Code") of Hakkani Pulp & Paper Mills 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 representation on behalf of the board unless authorized by the chair or the board. When so authorized, the board members 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 with the Hakkani pulp & paper Mills Limited insider trading policy.

Conflicts of interest

Directors must avoid conflicts of interest with Hakkani Pulp & Paper Mills Limited ("the Company").

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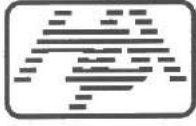
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A conflict of interest occurs when:

- A Director's private interests interfere in any way, or can reasonably be expected to interfere in any way, with the interest 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.

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 circumstance, 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 a 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;

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- 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.

Company's Chairman and any employee, officer, director or advisor to Hakkani Pulp & Paper Mills 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 agreement, residential and commercial product installation and repair services and automotive repair and maintenance industries;

Confidentiality:

A Director may never use Confidential Information for his or her own personal benefit persons or to benefit person 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 during their directorship position without 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.

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“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 customer 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 discussion and deliberations relating to business issues and decision between and among employees, officers and Directors.

Waiver:

Waiver 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 paper manufacturing sector, Hakkani pulp & paper Mills ltd is committed to demonstrating the high standards of ethical behavior expected by its valuable customers worldwide, shareholders, employees and other stakeholders. The Boards 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 transaction 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.

Avoiding Conflicts of interests:

Directors should avoid any conflicts between their interest and the Company’s interest. A Conflict of interest can occur when a director’s personal interest is adverse to the interest of the company or when a director (or a family member) receives improper

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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 interest 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 values 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 Corporate Governance Committee, or as part of the compensation and expense reimbursement program available to all directors.

Pursuing Business Opportunities:

Director 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 Company's property, information or their position as a director. A director may, however pursue an opportunity that relates to the company's business.

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 question or suspect a violation of this Code, they should talk to 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.

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▪ SPECIFIC AUTHORITY AND RESPONSIBILITY OF BOARD OF DIRECTORS:

As a director of Hakkani Pulp & Paper Mills Limited, he / she must follow norms mentioned below (but not limited to):

Compliance with Laws, Rules and Regulations-

The company requires strict compliance by all its directors with applicable laws, rules and regulation. These include securities laws including insider trading laws, and the company's insider trading compliance policies.

Fair Dealing-

Directors must deal fairly with the company's employee's 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 Audit Committee and the Chairman of the Board suspected violations will be investigated by or at the direction of the Board or the Audit 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.

Director 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.

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Obtaining Advice of Counsel-

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

Boards of directors Code of Ethics

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

1. Each member of the board of directors shall abide in all respects by the Hakkani Pulp & Paper Mills Limited's 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 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. Member of the board of directors will exercise proper authority and good judgment in their dealings with company staff, suppliers and the general public 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 members 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.

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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 boards 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 he r 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.
9. No member of the board of directors shall persuade or attempt to persuade any employee of the company to leave the employment 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 interest 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:
 - To 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;
 - Not to 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 member shall not represent to third parties that their authority as a board member extends any further than that which it actually extends;
 - Not to engage in any outside business, professional or other activities that would directly or indirectly materially adversely affect the company;

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- Not to engage in or facilities any discriminatory or harassing behavior directed toward Company staff, members, officers, directors, meeting attendees, exhibitor, advertiser, sponsors, suppliers, contractors, or others in the context of activities relating to the company;
- Not to solicit or accept gifts, gratuities, free tips, 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
- To 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.

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