



## **CODE OF CONDUCT FOR THE MEMBERS OF THE BOARD OF DIRECTORS OF MIDLAND BANK PLC.**

The Board of Directors (the "Board") of Midland Bank PLC. (the "Bank" or "Company") has hereby adopted the following Code of Conduct (the "Code ") for directors of the Company. This Code is intended to focus the Board 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. Each director must comply with the letter and spirit of this Code.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles for directors. This code shall be reviewed by the Board from time to time and updated as per the best practice of the banking industry. Directors 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 inside or outside legal counsel as appropriate.

### **1. Director Responsibilities.**

The Board represents to protect the interests of stockholders, as owners of the bank, in optimizing long-term value by overseeing management performance on the shareholders' behalf. The Board shall comply with the Bank Company Act, 1991 as amended to till date. With regard to formation and responsibilities of Board of Directors of the bank, BRPD Circular No.11 dated 27 October, 2013 shall be followed in applicable circumstances.

The Board's responsibilities in performing this oversight function include a duty of care and a duty of loyalty. A director's duty of care refers to the responsibility to exercise appropriate diligence in overseeing the management of the Bank, making decisions and taking other actions. In meeting the duty of care, directors are expected to:

- *Attend and participate in board and committee meetings.* Personal participation is essential. Directors may not vote or participate by proxy.
- *Remain properly informed about the bank's business and affairs.* Directors should review and devote appropriate time to study board materials.
- *Rely on others.* Absent knowledge that makes reliance unwarranted, directors may rely on board committees, management, employees, and professional advisors.
- *Make inquiries.* Directors should make inquiries about potential problems that come to their attention and follow up until they are reasonably satisfied that management is addressing them appropriately.

A director's duty of loyalty refers to the responsibility to act in good faith and in the Bank's best interests, not the interests of the director, a family member or an organization with which the director is affiliated. Directors should not use their positions for personal gain. The duty of loyalty may be relevant in cases of conflict of interest (section 2 below), and corporate opportunities (section 3 below).

The Board also comply with all the Circulars/guidelines and directives of Bangladesh Bank, Bangladesh Securities and Exchange Commission as a publicly listed bank. However, in case of conflict between the directions or guidelines of above mentioned regulatory authorities, the provisions of Bank Company Act, 1991 or the Circulars of Bangladesh Bank shall be complied with accordingly.

## **2. Conflict of Interest**

Directors must avoid any conflicts of interest between the director and the bank. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Bank, should be disclosed promptly to the Chairman of the Board or the Chairman of the Audit Committee.

A "conflict of interest" can occur when a director's personal interest is averse to - or may appear to be averse to - the interests of the Bank as a whole. Conflict of interest also arises when a director, or a family member, receives improper personal benefits as a result of his or her position as a director of the Bank/Company.

This Code does not attempt to describe all possible conflicts of interest which could develop. Some of the more common conflicts from which directors must refrain, however, are set out below.

- *Relationship of Bank with third-parties.* Directors may not engage in any conduct or activities that are inconsistent with the bank's best interests or that disrupt or impair the bank's relationship with any person or entity with which the bank has or proposes to enter into a business or contractual relationship.
- *Compensation from non-bank sources.* Directors may not accept compensation (in any form) for services performed for the bank from any source other than meeting attendance fees and dividend of shares.
- *Gifts.* Directors and members of their families may not accept gifts from persons or entities who deal with the bank in those cases where any such gift is being made in order to influence the directors' actions as a member of the Board, or where acceptance of the gifts could create the appearance of a conflict of interest. However, branded souvenirs of any company, cakes, gift hampers sent on the eve of any occasion or any social invitation are excluded from the purview of the gifts as mentioned above.

- *Personal use of Bank's assets.* Directors may not use Bank's, vehicle, labor or information for personal use except the services allowed in the Bank Company Act, 1991 and Circulars of Bangladesh Bank.

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### **3. Corporate Opportunities.**

Directors are prohibited from: (a) taking for themselves personally opportunities related to the bank's business; (b) using the Bank's property, information, or position for personal gain; or (c) competing with the Bank for business opportunities.

### **4. Confidentiality.**

Directors should maintain the confidentiality of information entrusted to them by the Bank and any other confidential information about the Bank that comes to them, from whatever sources, in their capacity as a director, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Bank/Company.

### **5. Compliance with laws, rules and regulations; fair dealing.**

Directors shall comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Bank, including insider trading laws. Transactions in Bank's securities are governed by the Bank's Principles on Disclosure of Material Information (MI) and Price Sensitive Information (PSI).

Directors shall oversee fair dealing by employees and officers with the Bank's customers, suppliers, competitors and employees.

### **6. Encouraging the reporting of any illegal or unethical behavior.**

Directors should promote ethical behavior and take steps to ensure the Bank: (a) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (b) encourages employees to report violations of laws, rules, regulations or the Bank's Employee Handbook/Employee Code of Conduct to appropriate personnel; and (c) inform employees that the Bank will not allow retaliation for reports made in good faith.

### **7. Compliance procedures; waivers.**

Directors should communicate any suspected violations of this Code promptly to the Chairman of the Board or the Chairman of the Audit Committee. Violations will be investigated by the Board or by a person or persons designated by the Board and appropriate action will be taken in the event of any violations of the Code.



Any waivers of this Code may only be granted by the Board or the Audit Committee after disclosure of all material facts by the director seeking the waiver. Waivers will only be granted in exigent circumstances and will be disclosed promptly to stockholders.