

## **CODE OF BUSINESS ETHICS AND BUSINESS PRACTICES**

NBP Funds goal is to be the most competent, profitable and innovative Asset Management Company in Pakistan. However, this goal must always be pursued in ways that are compatible with the highest standards of integrity and the Company's obligations to investors, stockholders and the general public. This standard goes beyond compliance with the letter of applicable laws and regulation and demands a consistent regard for moral principles.

The reputation of the Company should be built on the honesty and fairness of individual employees, regardless of function, business or location. For this purpose, "Employee" is defined to include all full or part - time officers and staff members where ever located.

Avoid any conflict (or even the perception of conflict) between in his or her personal, social, financial or political interests and the advancement of Company's business interests or the interest of its customers.

Always act on behalf of the company in ways that enhance rather than harm the company's reputation for integrity.

Here are a few examples of code of conduct that must be avoided:

### **4.1 Conflicts of Interest**

An employee with purchasing authority from a class of vendors favors vendor because the employee:

- a) Is a part owner with Vendor?
- b) Close family members of the employee work for the Vendor.
- c) He or she has accepted an offer from Vendor of special discounts for personal purchases.

An employee uses his or her Company's stationary to market a family member's or friend's business, or to raise money for a political candidate.

- i. An officer participates in reviewing and approving an application for loan from a corporation of which he or she is a director.
- ii. Without permission, an employee discloses the Company's proprietary information (e.g. forms; procedures data) in writing an article or book that personally profits and/or furthers the career of the employee.

### **4.2 Harming NBP Funds Reputation**

- i. An employee accepts a gift of an expensive nature from a subordinate employee of the Company or customer of a supplier. (There is a fine line between an expression of appreciation and bribery and employees must politely decline all but very nominal gifts made under circumstances where such a gift is customary and is understood express only regard for the recipient or appreciation for services.
- ii. In the event that a gift must be accepted due to excessive customer insistence and sensitivity of the relationship, all gifts must be surrendered to the Management along with a form available in HRD. Under no circumstances should any gift be accepted from vendors/suppliers.

- iii. An employee gives a gift to a customer or a government official which might be interpreted as consideration for a business or official or personal favor.
- iv. An employee defaults against in repayment of its dues under pecuniary obligation to a broker or money lender or a subordinate employee of the Company or any firm or persons.
- v. An employee buys or sells stocks, commodities, foreign exchange or securities of any description without funds to meet the full cost thereof.
- vi. An employee arranges for the Company customer to be granted preferential treatment as a vendor.

### **4.3 Sexual Harassment**

NBP Funds prohibits sexual harassment of its employees and applicants for employment by any employee, non-employee or applicant. Such conduct may result in a disciplinary action up to and including termination.

The Company will not tolerate, condone or allow sexual harassment, whether engaged in by fellow employees, supervisors, associates, clients or other non-employees who conduct business with the Company.

NBP Funds is entitled to work in an environment free from sexual harassment along with hostile or offensive working environment.

We recognize sexual harassment as unlawful discrimination, just as the conduct that demeans any individual on the basis of race, religion, national origin, gender preference, age, disability, or other similar characteristics / circumstances.

### **4.4 Confidential Information**

The employees are required to maintain normal secrecy during the course of their association with the Company and thereafter. All information considered confidential will not be disclosed to external parties or to other employees without a "need to know". To ascertain whether certain information is considered confidential, the employee should first cross check with his/her immediate supervisor. This policy is intended to alert the employees to the need for discretion at all times and is not intended to inhibit normal business communications.

All inquiries from the media must be referred to the Human Resource Department.

Confidential information concerning a customer or a supplier should never be disclosed to a third party except pursuant to a statute or regulation, or a court order or other legal process or after the informed consent of the customer or supplier in writing.

Likewise, proprietary the Company information (confidential information about the Company's business or business plan, products and services, marketing methods, technology or systems) must never be disclosed to a third party except pursuant to a statute or regulation or a valid final court order.

For these purposes **“Confidential Information”** is non-public information about the Company or a customer or supplier that would be useful to a competitor or important to an investor in deciding whether to purchase, hold or sell any of the Company shares or the shares of a customer or supplier.

In order to safeguard the company’s reputation for integrity, it is not only necessary for employees to discipline their actions; also it is necessary to be aware of the character and actions of customers, vendors, and counterparties. Care must be exercised in selecting those with whom we deal and the Company must have the processes in place for checking on the credit and character of customers, vendors and counter parties.

#### **4.5 Mis-Declaration**

Mis-declaration constitutes amongst other reasons:

An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between salaries claimed for driver/guard etc. and what is actually paid to them is pocketed by the staff members.

An employee issuing an incorrect account statement, salary certificate or any other information.

#### **4.6 Offences & Breach of Policies**

When an employee of the Company commits a breach of the policies and knowingly/intentionally does something detrimental to the interest of the Company, he/she may be subject to immediate termination as per the Company’s termination policy.

The Company in its sole discretion shall determine what act or omission constitutes misconduct, breach of trust or negligence of duty.

#### **4.7 Bribery**

An employee will be guilty of an offence, if he/she without consent of lawful authority or reasonable excuse:

- a. Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any act in relation to the Company’s affairs or business.
- b. Showing or intending to show favors or disfavor to any person in relation to the company’s affairs or business.
- c. Offers any advantage to anyone as an inducement or reward for or otherwise.
- d. Intends to deceive the company by using any receipt, account or other document which is false or erroneous or defective in any way and which to his knowledge is intended to mislead the company.

#### **4.8 Fraud, Theft or Illegal Activities**

Employees shall be alert and vigilant with respect to frauds, thefts or significant illegal activities committed within the office premises. If such activity comes to the attention of an employee, the employee must immediately report the same to the Manager/ Head of Department and to the relevant Area Compliance Officer, who will take appropriate follow-up action for the activities deemed to be illegal. Failure to report of any such activity will be subject to disciplinary action.

## **4.9 Other Corporate Ethical Policies**

Here are some other important corporate ethical policies and requirements:

- a. If an employee wishes to become officially involved with any outside corporation or other organization as director, trustee, officer or advisor such involvement must first be approved by the CEO.
- b. An employee must obtain the consent of his/hers supervisor and Competent Authority before submitting the work for publication or making a public speech. Generally, approval will be granted if the writing or speech legitimate the company business interest and does not involve in the disclosure of confidential company information.
- c. Our Internal ethical standards are the result of shared moral conviction. Rationales such as “Everyone in the market does it” or “Our competitors do it” cannot be countenanced as permitting deviations from our standards.
- d. Compliance with laws, regulations and ethical standards is an important element of your obligations to our customers, our stockholders, the general public and other staff, it is essential to our success that we take compliance seriously. Each employee of the company shall comply with the policies as a personal responsibility and should be held accountable for all compliance-related activities.

## **4.10 Code of Business Ethics of MUFAP**

All employees are required to read, understand and acknowledge the Code of Business Ethics of Mutual Fund Association of Pakistan. Copy of which is enclosed with this Hand Book.