

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



**2023 - SINDH MODARABA MANAGEMENT LTD.
SINDH MODARABA**

CODE OF CONDUCT

This policy shall govern the activities of Sindh Modaraba Management Limited (Management Company to be referred to as MC) and Sindh Modaraba(SM) collectively referred to as “Organization”

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CODE OF CONDUCT

In compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (the “Rules”) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the “CCG Regulations”), the Code of Conduct (the “Code”) adopted by Sindh Modaraba Management Limited and Sindh Modaraba, aims to clarify the standards of behavior that are expected from its directors, senior management and employees in the performance of their work responsibilities and to give guidance in the areas where employees need to make personal and ethical decisions. The employees are expected to uphold and enhance the reputation of the Organization by:

- Upholding Shariah as one of the most important aspects of doing business in the Institutions without any compromise.
- Maintaining the highest standards of integrity in all their business relationships both inside and outside the Institutions.
- Fostering the best business practices and competence standards amongst those for whom they are responsible.
- Ensuring transparency in business transactions, and promoting fair business practices while ensuring compliance with legal and regulatory requirements.
- Maintaining a quality work environment.

GENERAL PRINCIPLES AND SIGNIFICANT ASPECTS OF THE CODE OF CONDUCT:

A. Encourage Environmental, Social and Corporate Governance (ESG) Practices

1. All individuals, including employees, directors, and senior managers, are expected to uphold high standards of behavior both at work and outside, in line with the organization’s position, policies, procedures, and Islamic values and principles. The standard conduct and behavior expected from employees, senior management, and directors include but are not limited to, the following:
 - i. Adhere to all of the organization’s and regulator’s prevailing rules and guidelines as well as new rules and guidelines that may be prescribed from time to time;
 - ii. Portray decency, positive attitude, and professionalism towards internal and external customers and stakeholders;
 - iii. Fulfil his/her duties with due diligence, dedication, and integrity; and
 - iv. Safeguard the reputation of the Organization.
2. The Organization shall provide a safe working environment to directors, senior managers, and employees that is inclusive and free from discrimination, bullying, and harassment.
3. The Organization shall adopt the policy of transparency, accountability, and corporate integrity as the key principles when dealing with our regulators.
4. The Organization shall actively foster a conducive environment for upholding its Code of Conduct and promoting positive behavior. Through strategic recruitment and comprehensive staff training, it shall reinforce its corporate culture and conduct

approach. Staff members must clearly understand their roles, responsibilities, and process ownership. Performance evaluations should consider both achievements and methodologies. The compensation and professional advancement programs must be thoughtfully designed to reward integrity, ethics and sustained performance.

5. Organization's business strategies promote sustainability by integrating environmental, social, and governance (ESG) considerations and practices. Social responsibility encompasses corporate social responsibility initiatives, philanthropic activities, charitable donations, and contributions that contribute to society in a positive way.

B. Understanding of the Legal Duties

1. The directors, senior management and employees shall abide by the laws of Pakistan in all activities at work and beyond. Any suspected material violation of a law, regulation or ethical standard must be reported to the appropriate level of authority within the Organization and directors shall bring to the notice of the board of any non-compliance or violation of law and regulation immediately to the chairman of the board. Where appropriate, the authority will report to the relevant statutory authority.
2. It is the responsibility of the staff to comply with laws and regulations and legal requirements relating to their duties to perform their obligations diligently and in compliance with the applicable laws, relevant guidelines and policies of the organization in order to ensure that we abide by these in terms of our daily work and that our products and services comply with the regulations and laws. Any non-compliance/violation of law or policy of the organization shall be brought to the notice of the Board.

C. Personal Conduct

1. The Rules of Personal Conduct for directors, senior management and employees are intended to promote the orderly and efficient operation of the organization, as well as to protect the rights of all employees. Violations, therefore, shall be regarded as cause for disciplinary action, up to and including discharge. They are required to conduct himself/herself in a professional manner at all times. They shall generally dissuade from following prohibited conducts, both inside and outside the organization:
 - i. Misconduct/Inappropriate conduct
 - ii. Intimidating & insulting behavior
 - iii. Verbal onslaught / accusations
 - iv. Sexual harassment
 - v. Humiliation / bullying
 - vi. Disruption of conduct of business
 - vii. Corruption and Retaliation
 - viii. Discriminatory behavior
 - ix. Intentional dishonesty / unethically tarnishing image of any person
 - x. Drug abuse and anti-environmental activities

In addition, if they are found involved or convicted in a criminal offence, they shall immediately bring to the notice of the management through their head of department or, if arrested and released on bail, soon after such release.

D. Conduct in Business Dealings

1. Directors, senior management, and employees are prohibited from seeking or receiving gifts, sponsorships, hospitality, or favors that could compromise our position or the Organization's business decisions. Accepting such items might lead to conflicts of interest between personal and professional obligations. The Organization maintains a strict policy of not accepting gifts or entertainment from suppliers or individuals attempting to influence business decisions. For relationship-building purposes, however, occasional promotional items that are not costly can be accepted.
2. Directors, senior management, and employees are prohibited from issuing false or deceptive statements regarding their roles or job performance within the Organization. To guarantee the precision of information disseminated to the public, they are not allowed to make any statements, including those concerning financial matters, whether written or spoken, to media outlets, news publications, business sources, or any other platforms without obtaining prior authorization from the competent authority within the Organization. The staff shall not be involved in such practices as misuse of privileged information and concealment of facts.
3. The directors, senior management and employees shall not bring or attempt to bring political or other influence, directly or indirectly, nor shall they take part in, subscribe to and or assist in any way, any political activity.
4. The directors, senior management and employees shall not lend or borrow money or place themselves under any pecuniary obligation to any person(s) whom they have any official dealings except for dealings that occur during ordinary course of business.

E. Integrity and Honesty

1. The directors, senior management and employees shall behave with integrity and honesty in dealing with customers, colleagues, supervisors and all others with whom they interact.
2. The staff shall act objectively with independent judgment in the performance of their duties and shall not get involved in practices with the intention to get any undue advantage either for himself or his family members.
3. It is the duty of the directors, senior management and employees to stay alert to the risk of money laundering and to assist the organization's efforts in combating it. Any abnormality must be reported immediately.
4. Any staff member, including directors, could be charge with an offense if they solicit or accept benefits to influence actions, display bias, offer inducements or any deceptive documents intended to mislead the organization.

F. Avoid Conflict of Interest

1. If a situation arises holding any of the directors, senior management and/or employees in conflict of his interest with the interest of the Organization. In such a situation, to enable the Organization to make an objective decision, they must declare in advance the possible conflict of interest, to his/her senior. The management may require them to dissociate him/her from any involvement in a decision by the Organization that relates to such personal conflict.
2. The directors, senior management, and employees of the organization must not engage directly or indirectly in any business activity that competes or conflicts with the Organization's interests with key emphasis on the following aspects:
 - i. **Outside Financial or Other Interest:** Employees and directors should not be directly involved in the organization's dealings with the customer or business partner/associate so long as such interest continues to exist.
 - ii. **Other business Interest:** It is considered a conflict of interest if an employee conducts business other than the organization's business during office hours.
 - iii. **Other Employment:** Any employee of the organization must not engage in any part-time employment and/or business activities outside its working hours unless prior written approval is obtained from the Human Resource department.

G. Ensure Confidentiality

1. The directors, senior management, and employees, besides, working with honesty and faithfulness shall maintain strict secrecy regarding the Organization's affairs and the affairs of its constituents and subsidiaries, if any. They shall use utmost endeavors to promote the interest of the Organization and shall show courtesy and attention in all dealings with customers.
2. Safeguarding the confidentiality of interactions and transactions between the organization and its customers is of paramount importance in upholding the organization's reputation. Neither employees nor directors are permitted to disclose customer-provided information to any external party, both during and after their employment or directorship with the organization.
3. Exceptions are only allowed within the scope of their duties or with explicit written consent from the organization or the customer. As employees or directors of the organization, it is our responsibility to ensure that we exercise with due care, diligence, fidelity, and integrity in handling confidential information, be it confidential information owned by the organization, its customers or any other third party, including other financial institutions.
4. When addressing requests for customer information, employees must adhere to the organization's internal guidelines and procedures. In cases of uncertainty, it is advisable to seek guidance from the organization's Compliance Division before releasing any information.

H. Diversity and Inclusion

1. The organization respects the rights of all its directors, senior management and employees and promotes equal opportunities of employment for all its employees irrespective of color, race, gender, age, religion, nationality, place of domicile, marital status, disability, or other matters unrelated to work performance. All policies and practices on employment, as well as subsequent areas such as performance evaluations, promotions, training, compensation and benefits, etc., is administered and conducted without any discrimination.
2. Supervisors and Heads of Departments ensure a positive working environment is maintained in compliance to this policy, and that it encourages employees to perform to their highest capabilities.
3. Any unacceptable treatment of an employee in violation to this policy such as discrimination or harassment shall not be tolerated and will lead to disciplinary action.

I. Role Towards Shareholders/Members and other Stakeholders

1. The directors, senior management and employees have a responsibility towards all stakeholders to make decisions strictly on the basis of the Organization's interests, without regard to personal gain. They would always be on the lookout for situations that may create a conflict of interest, and do everything they can to avoid them.
2. The directors, senior management, and employees shall be committed to enhance shareholder value and comply with all regulations and laws that govern shareholders' rights. The Board of Directors of the organization shall duly and fairly inform its shareholders about all relevant aspects of the organization's business and disclose such information in accordance with the respective regulations and agreements.

J. Safeguarding Company's Assets

1. All employees are required to protect the organization's assets and properties from theft, fraud, harm, loss or misuse, especially those that are in their custody or responsibility.
2. Employees are fully responsible to reimburse the Organization for any monetary loss as the result to their negligence or unauthorized act, failing which legal action may be taken against them.
3. The employer is not responsible, nor covered by insurance, for the loss of personal property or money of any employee. The safe, secure storage of all personal belongings while at the workplace is solely the responsibility of the relative employee.

K. Promoting Safe and Healthy Environment

1. The directors, senior management and employees shall not engage in any type activities involving gambling, qimar, gharar, speculation etc. on the Organization's premises.

2. The organization provides a safe, secure and healthy work environment for all its directors, senior management and employees to encourage them to thrive and work to their highest capabilities. Any situation or act violating this policy, such as acts of violence, threats, physical intimidation or even harm to the physical environment and / or company property are unacceptable in the organization.
3. In order to comply to this policy, all are responsible to do the following:
 - i. Observe all health and safety rules and practices, as well as security measures and guidelines, as communicated by the HR department, for a safe work environment.
 - ii. Report any illegal, improper, unhealthy or unsafe behavior.
 - iii. Identify any occupational, health and safety hazards or risks to prevent injury or occupational illness.
 - iv. Be aware and informed on what to do in case of an emergency, and cooperate during emergency practice drills.
4. Employees have the right to conduct their work without disorderly or undue interference from other employees. The employer prohibits employees from violating this right of their co-workers.

L. External Activities and Public Comments

Personal, social and unofficial visits during working hours are discouraged. In the event of any emergency, visitors may be entertained outside the work area, or the designated reception area to ensure confidentiality of information and minimum disruption.

M. Avoid Insider Trading

1. No employees or directors shall deal or influence any other person to deal in the securities of any company listed or pending listing on a stock exchange at any time when he/she is in possession of information obtained as a result of his/her employment by, or his/her connection with the organization, which is not generally available to the public and which, if it were so available, would likely to have a material effect in the market price or market activity of the shares.
2. Additionally, the directors, senior management and other employees of the organization shall understand and comply with all applicable laws, rules, regulations applicable on the organization.

Non-Compliance of the Policy

Violations of this Code of Conduct may result in disciplinary action up to and including termination of employment.

FINAL DISCLAIMER

The directors, senior management, and employees shall agree and understand that this Code of Conduct provides an introduction to the responsibilities of all directors, senior management, and employees, along with an overview of certain important policies. It is an important part of their employment with the Organization but it's not intended to create an express or implied contract of employment in and of itself. The policies of the Organization may be modified at the sole discretion of management, without notice, at any time consistent with applicable laws. Employment with the Organization is on an at-will basis, where permitted by law, meaning the employees are free to resign at any time for any or for no reason and the Organization may terminate an employee at any time for any or no reason.

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CERTIFICATION STATEMENTS

I certify that I have read and understood the foregoing Code of Conduct.

I agree to conduct all my duties in accordance with the standards outlined in this Code. I certify to the best of my knowledge, information and belief that I have not been engaged in any behavior, which is unacceptable under this statement.

Signature : _____

Name of Employee/Directors : _____

Designation : _____

Date : _____