

NBP Fullerton Asset Management Limited (NAFA)

CODE OF CONDUCT

NAFA's 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.

4.1 Each Employee Must

- i. 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.
- ii. 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 conduct that must be avoided.

4.2 Conflicts of Interest

- i. An employee with purchasing authority form a class of vendors favors vendor A because the employee (a) is a part owner of Vendor A; (b) close family members of the employee work for Vendor A; or (c) he or she has accepted an offer from Vendor A of special discounts for personal purchases.
- ii. 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.
- iii. An officer participates in reviewing and approving an application for loan from a corporation of which he or she is a director.
- iv. Without permission, an employee discloses proprietary the Company information (e.g. forms; procedures; data) in writing an article or book that personally profits and/or furthers the career of the employee.

4.3 Harming NAFA's Reputation

- i. An employee accepts a gift of an expensive nature from a subordinate employee of the Company, 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 Competent Authority along with a

form available in HR. 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. (A wall should be maintained that precludes even the fact of customer status to be known to those making decision with respect to vendors.)

4.4 Sexual Harassment

NAFA 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.

NAFA is entitled to work in an environment free from sexual harassment and a hostile or offensive working environment. We recognize sexual harassment as unlawful discrimination, just as conduct that belittles or demeans any individual on the basis of race, religion, national origin, sexual preference, age, disability, or other similar characteristics or circumstances.

4.5 Confidential Information

Confidential information concerning a customer or a supplier must 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 the Company shares, or the shares of a customer or supplier. Customers, Vendors and Counterparties

In order to safeguard the company's reputation for integrity, it is not only necessary for employees to discipline their actions, if is also 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 counterparties.

4.6 Misdeclaration

A misdeclaration constitutes, amongst other reasons, the following examples:

- i. An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- ii. 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 member.

4.7 Offences & Punishment

When an employee of the Company commits a breach of the policies, discipline and knowingly does something detrimental to the interest of the Company, he/she may be subject to immediate termination in accordance with 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.

4.8 Bribery

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- i. 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, or
- ii. Showing or intending to show favors or disfavor to any person in relation to the Company's affairs or business.
- iii. Offers any advantage to anyone as an inducement or reward for or otherwise, or
- iv. 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.

4.9 Fraud, Theft or Illegal Activities

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

4.10 Other Corporate Ethical Policies

Here are some other important corporate ethical policies and requirements:

- i. 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.
- ii. An employee must obtain the consent of his or her supervisor and Competent Authority before submitting a work for publication or making a public speech. Generally, approval will be granted if the writing or speech furthers legitimate the Company business interest and does not involve the disclosure of confidential Company information.

- iii. 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.
- iv. 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 should think of compliance as a personal responsibility and should be expected to be held accountable for all compliance-related activities.

4.11 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.

PLEASE NOTE THAT ANY STAFF MEMBER FOUND GUILTY OF VIOLATION OF ANY OF THE ABOVE ETHICAL STANDARDS, HE/SHE WILL BE IMMEDIATELY TERMINATED.