



# **FIRST HABIB MODARABA**

## **Code of Conduct**

Our Code of Conduct/Ethics set out the guiding principles by which we conduct our daily business with each other, our customers, vendors, shareholders and with other stakeholders.

### **1. Local Laws and Regulations**

It is the responsibility of the staff to comply with local laws and regulations of the various authorities of the Country. It is our responsibility to know the legal and regulatory framework of the country in order to ensure that we abide by these in terms of our daily work and that our products and services comply with the local regulations and laws. Laws and regulations should also be understood in order to recognize any potential breach or shortcoming in our work or policies. Staff must report any such potential risks and must alert management where they are aware of convictions for offenses involving theft, fraud, dishonesty or breach of trust involving themselves, colleagues or customers.

### **2. Confidentiality**

Our clients and other parties with whom we do business entrust the Modaraba with important information relating to their businesses. Confidential information concerning a customer or a supplier must never be disclosed to a third party except where required to do so by 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 information (confidential information about the Modaraba's business or business plans, 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 Group 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 shares of a customer or supplier. If there is a question of whether certain information is considered confidential, the staff should first check with their immediate supervisor(s). Moreover, staff is strictly prohibited from disclosing the fact to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law.

Staff pay and benefits details must not be shared with or communicated by staff who have access to this information by virtue of their role. Moreover, medical, personal and private information held on file or compiled by any service provider must not be shared or discussed with any other staff member. Access to staff salary accounts must be strictly restricted and any access to staff accounts by someone other than those who operate them must seek permission from the account holder. Breach of confidentiality by staff will be treated as misconduct.

### **3. Conflict of Interest**

A conflict of interest occurs when your interest in a competitor, customer or supplier is of such extent or nature that it affects or it appears to affect your responsibility to the Modaraba. Examples of conflicts or potential conflicts include, but are not limited to the following:



- i. Substantial borrowing or lending of private funds between staff and customers, suppliers and other staff.
- ii. Speculative business ventures with any customer or suppliers
- iii. Borrowing from other financial institution at terms better than those provided to the general public
- iv. Staff whose duties bring them in contact with an organization employing a family member
- v. Direct or indirect dealing with a customer or supplier with whom the staff have an actual or prospective ownership, financial or other significant interest
- vi. An executive or officer:
  - Who is a party to material contract with Modaraba;
  - Is a director or officer of any entity that is a party to a material contract or proposed material contract with the Modaraba; or
  - Has a material interest in any person who is a party to a material contract with the Modaraba.

Moreover, staff shall not accept directorship of another corporation without the approval of the management. This includes charitable and non-profit organizations. If circumstances exist in which staff feels that his or her responsibility to the Modaraba is compromised or may appear to be compromised, those circumstances should be reported promptly to the management.

#### **4. Mis-declaration & Forgery**

A mis-declaration constitutes, amongst other reasons, the following examples:

- Any staff issuing an incorrect salary certificate or any other information for any customer, staff member or self.
- Any staff issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the expense is not incurred at all or submitting fake medical certificate.
- Any staff forging signature or any information on the certificate issued by the Modaraba.

#### **5. Money Laundering and Due Diligence**

Money laundering is how firms/customers are used to disguise or “launder” the proceeds of criminal activity. The importance and sensitivity of customer identification cannot be understated. All efforts should be made to determine the true identity of all customers requesting the FHM’s services. It is imperative to know enough about them to identify transactions which are inconsistent with their business or personal status, or which do not match the normal pattern of activity. It is the duty of the staff to stay alert to the risk of money laundering and to assist the FHM’s efforts in combating it. Any abnormality must be reported immediately.

#### **6. Fair Practice with Customers**

Financial products and services are sophisticated tools and selling this product, calls for knowledge, skill and judgment. The following points should be carefully followed when selling a product/service to any client. The staff must not sell an unsuitable product (i.e. a product that does not meet the needs) of a



client. Doing so is mis-selling and may expose the FHM to regulatory penalties, reputational damage and legal action by customers. The staff should know enough about the products they are selling and about the customer (e.g. risk, appetite, objectives, finances and personal circumstances) to judge the effect, which those products will have and whether they will meet the customers' needs. For all products, especially complex products, the staff must make every possible effort to assist the client understand the product and its risks.

## **7. Bribery**

Any staff will be guilty of an offense, who, without lawful authority:

- solicits or accepts any advantage as an inducement or reward for doing or intending to commit any act in relation to the FHM's affairs or business, or
- shows or intends to show favors or disfavor to any person in relation to the FHM's affairs or business or
- offers any advantage to anyone as an inducement or reward for or otherwise, or
- intends to deceive the FHM 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 Modaraba.

## **8. Gifts**

Staff will not solicit or accept for personal benefit directly or indirectly any gift, loan or any item of substantial monetary value from:

Any person or company that is seeking to conduct or currently is conducting business with the FHM.

A subordinate staff of FHM.

Candidates for employment at FHM

However, accepting reasonable business entertainment (meals and accommodations) of normal value provided to staff by clients on Company business may be accepted. Accepting high value gifts, where refusing would cause offense, and where an apology and a return is not possible can be an exception. If accepted, gifts must be declared to HR department.

## **9. Computer, Email and Internet Usage**

E-Mail and Internet usage is provided to those staff only, where their job assignment entails internet research/ usage. The FHM internet and e-mail access may not be used for transmitting, retrieving or storing of any communication of a defamatory, discriminatory or harassing nature or materials that are rated or obscene. No messages with derogatory or inflammatory remarks about an individual's race, age, disability, religion, national origin, physical attributes or sexual preference must be transmitted. Harassment of any kind is prohibited. Use of computer resources is strictly limited to business requirements. Staff should be aware that e-mails are not confidential and may be accessed for monitoring purposes. Any breach of IT security protocol that involves private business use or unsuitable material will be considered as a disciplinary matter. Staff will be accountable for all activities created under their password in this case and treated as gross misconduct; therefore, the passwords must not be shared with anyone. E-mail is not guaranteed to be private or confidential. All electronic communications are FHM property. Therefore, FHM reserves the right to examine, monitor and regulate e-mail messages,



directories and files, as well as Internet usage. Any staff who abuses the privilege of FHM facilitated access to e-mail or the Internet, may be denied access to the Internet and, if appropriate, be subject to disciplinary action. Messages sent to all users should be restricted and approved by department heads.

### **10. Drug and Alcohol**

In order to keep the FHM's reputation intact, the use, sale or possession of narcotics, drugs, alcohol or controlled substances while on the job or on the FHM's property is prohibited and is a dischargeable offense. Off-the-job drug use adversely affects staff's job performance, can jeopardize the safety of others, the public, or the FHM's equipment, and also damages the FHM's reputation as staff is representative of their organization. In such situations disciplinary action up to and including termination of employment is inevitable. Staff arrested for off-the-job drug activity may be considered to be in violation of this policy. In deciding what action to take, management will take into consideration the nature of the charges, the staff's present job assignment, the staff record with the FHM and other factors relating to the impact and circumstances of the staff arrest.

### **11. Borrowings**

Staff should not indulge or engage in any financial matters including borrowings beyond their financial capacity. Any directly or indirectly reported cases of non-compliance will lead to an in depth management review of the facts and may result in termination of services

### **12. Outside Employment**

Employment with the FHM is and should be seen as a full-time occupation and for this reason other employment or business association shall not be taken up without the written consent of the Management. For purpose of this section of the Code, "Outside employment of any kind" includes, but is not limited to, acting as an officer, staff, proprietor, partner, agent, independent contractor or advisor or any similar capacity.

### **13. FHM Property**

No items of the Modaraba may be removed from the premises without the authorization. Any deliberate damage or carelessness that results in FHM's property being damaged, stolen or lost will be charged to the applicable Staff.

### **14. Other Items Requiring Acknowledgment**

#### **Register of Relatives:**

As a general policy, FHM does not discourage appointment of close relatives of staff of the Modaraba. Close relatives are defined as: husband, wife, child, parent, brother, sister, niece/nephew, parents-in-law, brother/ sister-in-law, son/ daughter-in-law. However, to avoid conflict of interest, the placements of related staff will be made in separate branch (es) / departments or to positions where one relative may not have the opportunity to check, process, review, and/or audit or otherwise influence or affect the work of another relative. Moreover, in order to maintain a record of all related staff it will be mandatory for such staff to disclose the detail of all such relative(s) to HRD. This will also be reinforced by our code of conduct and disclosure requirements. It is your responsibility to inform the FHM of such relationships.

**Staff Loans:**

Any staff loans that are not settled on departure from the Modaraba for whatever reason(s) will be subject to an agreed repayment schedule on departure and will be subject to commercial rates of interest.