



# **CODE OF CONDUCT**

## **SENIOR MANAGEMENT OFFICERS**



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## 1. INTRODUCTION

Our integrity and reputation depends on our ability to do the right thing, even when it's not the easy thing. The Code of Conduct is a collection of rules and policy statements intended to assist Senior Management Officers defined under the Central Depositories (Licensing & Operations) Regulations, 2016 and Senior Management Persons of CDC which includes Head of Departments of Trustee, Product Development & Marketing, Human Resource and Administration (hereinafter referred collectively as “**SMO**”)in making decisions about their conduct in relation to Central Depository Company of Pakistan Limited (CDC)'s business. The Code is based on the fundamental understanding that no one at CDC should ever sacrifice integrity or give the impression that they have.

Each of us is accountable for our actions, and each of us is responsible for knowing and abiding by the policies that apply to us. SMO have a special responsibility, through example and communication, to ensure that employees under their supervision understand and comply with the Code and other relevant policies.

Each of us can look to the Code of Conduct to guide our decisions in a variety of circumstances. However, no rulebook can anticipate every situation. Ultimately, the personal integrity and honesty of SMO defines the character of our company. We should never underestimate the importance of our own ethical conduct to the business and success of CDC.

## **2. ADMINISTRATION OF THE CODE OF CONDUCT**

The Code of Conduct (the "Code") sets forth certain minimum expectations that CDC has for its SMOs. All SMOs are expected to conduct the company's business in full compliance with both the letter and the spirit of the law, the Code, and any other policies and procedures that may be applicable to them. The "organization" and "company" as used throughout the Code mean Central Depository Company of Pakistan Limited.

The Code is intended to provide general guidance regarding the conduct of SMO of CDC. However, these are not an exhaustive consideration of all policies and procedures that may be applicable to them and they are responsible for knowing which policies and procedures (whether or not listed here) apply to them, and for understanding and complying with the same. All SMO should refer to these documents where appropriate. One should consult any of the persons listed in Section 2.3 if he/she has any questions.

At the end of the Code, a section of Definitions and Examples has been given.

Any waiver of the provisions of this Code for must be made by the Chief Executive Officer (CEO) or any committee defined by the CEO. Said waiver(s) shall be presented to the Audit Committee in the next meeting.

The Code of Conduct does not create any rights to continued employment and is not an employment contract.

### **2.1 PERSONS SUBJECT TO THE CODE OF CONDUCT**

The Code applies to SMO of CDC.

If any provision contravenes or is less restrictive than the applicable law of Pakistan then the Pakistan law will apply. All SMOs are responsible for understanding and complying with these laws and policies.



## **2.2 CONSEQUENCES OF VIOLATING THE CODE**

Compliance with the Code and with other policies and procedures applicable to SMO is a term and condition of employment by CDC. Violations of any laws that relate to the operation of our business, the Code, or other applicable policies and procedures, or failure to cooperate as directed by the company with an internal or external investigation, may result in corrective action, up to and including immediate termination of employment. The company will take all reasonable actions to enforce the Code. In cases where a violation of the Code could cause the organization material harm, it may seek injunctive relief in addition to monetary damages.

## **2.3 OBLIGATION TO REPORT VIOLATIONS**

A SMO must promptly report any known or suspected violation of the Code or any applicable law or regulation, whether the violation involves him or another person subject to the Code. In addition, SMO should report any illegal conduct, or conduct that violates the underlying principles of the Code, by any of our customers, suppliers, contract workers, business partners, or vendors.

Report violations as follows:

- Matters involving harassment or discrimination must be reported to the immediate supervisor and/or to the HR Representative.
- Matters involving fraudulent acts, including acts by third parties against the company or personal dishonesty by SMO, must be reported to the CO.
- If SMO believes that an official at a high level of CDC is involved, he/she should report directly to the CEO (Chief Executive Officer).
- All Other matters should be reported to the HR Representative.

SMO may also contact the HR Representative by mail:

HR Representative  
Human Resources Department  
CDC House, 99-B, Block “B”  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi

Or by e-mail:

[Compliance @cdcpak.com](mailto:Compliance@cdcpak.com)

We strictly prohibit retaliation against SMOs for good faith reporting of any actual or suspected violations of the Code. This policy shall not be used to bring false or frivolous charges against any SMOs, vendors, customers etc. Those bringing such charges may be subject to disciplinary action.

#### **2.4 AFFIRMATION**

All SMOs are required to affirm in writing that they have read and understood the Code and that they will comply with it. This affirmation is required of new SMO when they are hired. In addition, periodically all SMO will be required to re-affirm their understanding of and compliance with the then-current Code.

### **3. DUTIES AND RESPONSIBILITIES OF SMO**

Every SMO shall:

1. Participate in the formulation and execution of strategies in the best interest of the Company and contribute towards pro-active decision making;
2. Give benefit of their experience and expertise to the Company and provide assistance in strategic planning and execution of decisions;
3. Endeavor to ensure that the Company abides by all the provisions of the Act, the Ordinance, the Depositories Act, Central Depositories (Licensing and Operations) Regulations, 2016 and other applicable rules, regulations, codes, guidelines, circulars and directions issued by the Commission from time to time;



4. Endeavor to ensure that the Company takes steps commensurate to honor the time limit stipulated by the Commission for corrective action;
5. Place priority for redressing investor grievances and encouraging fair business practice so that the Company becomes an engine for the growth of the securities market;
6. Endeavor to analyze and administer the Company issues with professional competence, fairness, impartiality, efficiency and effectiveness;
7. Submit the necessary disclosures/statement of holdings/ dealings in securities as required by the Company or the Commission from time to time as per their regulations or Articles of Association or any directives of the Commission;
8. Unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty and no such information shall be used for personal gains;
9. Maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities;
10. Perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties;
11. Not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the Company; and
12. Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board of Directors or required by law.

## **4. WORKPLACE CONDUCT AND EMPLOYMENT PRACTICES**

### **4.1. EQUAL OPPORTUNITY**

CDC is dedicated to the principle of equal opportunity for all SMOs without regard to race, color, religion, age, gender, disability or other matters unrelated to work performance. We are vigorously committed to recruiting, selecting,



transferring, appraising, evaluating, training and promoting SMOs according to competence and capability.

All SMOs of CDC should make every effort to ensure there is no possibility of the appearance of unfairness by avoiding Members of the same family working in a direct supervisory relationship or working within the same department. The same family includes, but is not limited to, spouse, parents, siblings of self and parents and siblings of spouse.

#### **4.2.HARASSMENT**

CDC is committed to providing workplace that is free from harassment on the basis of any protected classification including, but not limited to race, gender, color, religion, age, national origin, political affiliation, disability, medical condition, and marital status or on any other basis protected by law. Harassment involves subjecting people to unwelcome or uninvited attention that intimidates humiliates or offends them. Harassment can be action(s) directed against a group or an individual by a group or individual. It may occur among peers, or between people in subordinate/ super-ordinate Roles. Examples of prohibited harassment are:

- Visual conduct such as derogatory posters, photographs, cartoons, drawings or gestures,
- Verbal or written conduct containing derogatory jokes or comments,
- Physical conduct such as assault, unwanted touching, or any interference because of gender, race or any other protected basis,
- Retaliation for having reported, threatened to report or any information to report harassment.

Any type of harassing conduct is forbidden under this policy when directed at an individual because of his or her race, color, gender, age, religion, ethnic origin, or other matters unrelated to work performance. It is the responsibility of each SMO to conduct himself/herself in a professional manner at all times and to refrain from such harassment. Consequently, all conduct of this nature is expressly prohibited, regardless of whether it violates any law.



### **4.3.DISCRIMINATION**

Discrimination involves treating people differently due to race, color, religion, age, gender, disability, sexual preference or any other perceived “difference”

- **Direct discrimination** occurs when the aggrieved person is treated less favorably, in circumstances that are the same or are not materially different, than another person on one of the above grounds.
- **Indirect discrimination** occurs when the aggrieved person is required to comply with a set of conditions with which they are unable to comply because of one of the above grounds.

Individuals or groups, who engage in discrimination as defined by this policy, will be subject to disciplinary action which may include termination from employment. Whether a specific act violates the policy will be determined with proper regards for all the circumstances. This policy shall not be used to bring false or frivolous charges against any SMOs, vendors, customers etc. Those bringing such charges may be subject to disciplinary action.

No SMO is required to put up with harassment or discrimination. If SMO feels that he/she has been harassed or retaliated against in violation of this policy, he/she is expected to report the conduct, either to the supervisor or HR Representative. Promptly after learning of such alleged conduct, CDC will conduct an investigation for the purpose of determining whether prohibited harassment has occurred. Efforts will be made to ensure confidentiality to the extent consistent with the goal of conducting an appropriate investigation. SMOs who initiate or participate in such investigations in good faith will be protected against work-related retaliation. If an investigation confirms the allegations CDC will take prompt corrective action. The consequence for SMOs, who harass other SMOs or employees, customers, suppliers or vendors whether physically or mentally, will be disciplinary action, which may include termination. In case of any damages incurred CDC may also impose monetary charges.

#### **4.4. CONFIDENTIAL INFORMATION**

All SMOs are responsible for the safeguarding of confidential information, whether it is information entrusted to them by the customers, information regarding CDC's businesses and activities, or information about other SMOs.

##### **4.4.1. INFORMATION ABOUT THE ORGANIZATION, ITS CUSTOMERS, ITS SMOs, AND OTHERS**

SMO may have access to confidential information related to the company's business. Information related to CDC's business includes information about the company, as well as information related to its customers, counterparties, or advisory clients, business partners, suppliers, vendors, Pakistan Stock Exchange and other SMOs.

SMO may not, either during the period of service or thereafter, directly or indirectly use or disclose to anyone any such confidential information. For restriction and exceptions please refer to the Central Depository Act, 1997 as well as CDC Information Security Policy.

One should observe the following principles when dealing with information relating to the organization's business:

- Assume that most information that he/she has about CDC and its business, or about its past, present, or prospective customers, suppliers, vendors, and SMOs, is confidential, unless the contrary is clear.
- Treat all personal information about individuals as confidential.
- Before sharing confidential information with others in the company, be sure that he/she is permitted to do so. Should not disclose confidential customer information to other SMOs who are not involved with the transaction or service for which the information was provided to the company unless he/she is authorized to do so.
- Should not disclose confidential information to anyone outside the organization unless he/she is authorized to do so. Where such disclosure is authorized, a confidentiality or privacy agreement may be required.



- If he/she is permitted to share confidential information, use his/her judgments to limit the amount of information shared and disclose it only on a need-to-know basis in order to provide the services we are engaged to provide. Ensure that the recipient knows the information is confidential and has been instructed about restrictions on further use and dissemination.
- Comment or provide information on matters related to the company's business only if it is part of his/her job function or he/she is otherwise authorized to do so.
- Protect confidential information when communicating electronically - for instance, by email or through the internet.
- Consult the supervisor or HR Representative if he/she has any question about whether information can be shared.

#### **4.4.2. PUBLICATIONS, SPEECHES, AND OTHER COMMUNICATIONS RELATING TO CDC'S BUSINESS**

SMO should be alert to situations in which he/she may be perceived as representing or speaking for the company, especially in public communications (including internet chat rooms, bulletin boards, blogs, etc.). He/she should not make any statements on behalf of CDC, or regarding CDC, its business, or its customers, unless it is part of the job or he/she is otherwise specifically authorized to do so. Requests from law enforcement or regulatory authorities, media inquiries, and requests from customers or suppliers for testimonials or endorsements should be handled in accordance with applicable procedures. Before engaging in any of these activities, consult the supervisor or the HR Representative.

## **5. OTHER BUSINESS CONDUCT**

SMOs are expected to conduct the CDC's business in accordance with the highest ethical standards, respecting its customers, suppliers, and other business counterparties, dealing responsibly with the company's assets, and complying with applicable legal and regulatory requirements.



## **5.1. WORKPLACE SAFETY**

All SMOs are responsible for the maintenance of safety for SMOs while on CDC premises. Assurance of safety can be accomplished when all SMOs adhere to the following principles:

- 1 Accept responsibility to ensure that only individuals with a proper pass are permitted on our premises.
- 2 Maintain a workplace free of violence and unauthorized weapons.
- 3 Immediately report to Security Department any accidents involving SMOs or customers.
- 4 Become familiar with all safety and emergency plans. Information on fire, disaster, evacuation, and emergency and safety regulations will be available at all the branches. All the SMOs are expected to be familiar with these plans.

Please notify the immediate supervisor, Security Officer or HR Representative immediately if SMO becomes aware of any potential risk areas. Additionally, for the sake of workplace safety, SMOs must remember that work areas (desks, offices, cubicles, etc.) and all Company assets (computers, email accounts, cabinets, etc.) are the property of CDC, and as such, are subject to search/inspection by management staff with a valid reason and the permission of ECC at any time. The inspection can even take place in SMO's absence and without his/her permission.

## **5.2. ASSETS OF THE COMPANY**

SMOs are expected to protect the company's assets as well as the assets of others that come into the custody. CDC's assets include not only financial assets such as cash and securities and physical assets such as furnishings, equipment and supplies, but also customer relationships and intellectual property such as information about services, customers, systems and people. All property created, obtained, or compiled by or on behalf of the company-including customer lists, directories, files, reference materials and reports, computer



software, data processing systems, computer programs , and databases-belong to the company.

CDC exercises due care and due diligence in maintaining the confidentiality, availability and integrity of information assets that CDC owns or of which it is the custodian. Because so much of its business information is generated and contained within our computer systems, it is essential that each CDC SMO protect the computer systems and the information contained in them by not sharing passwords and by reviewing and adhering to the information security policies and guidance.

Games may not be stored or used on any CDC system. The company's assets are provided, and must be used only for business purposes. Incidental personal use is permissible if the use:

- 1 Does not consume more than a trivial amount of resources that could otherwise be used for business purposes
- 2 Does not interfere with SMO's productivity
- 3 Does not preempt business activity.

If an individual's employment or contractual relationship with CDC ends for any reason, the individual is still bound to maintain the confidentiality of information viewed, received or used during the employment or contractual business relationship with CDC. This provision does not restrict the right of SMO to disclose, if he wishes, information about his own compensation, benefits, or terms and conditions of employment.

### **5.3. INTELLECTUAL PROPERTY**

Any invention, discovery, development, concept, idea, process, or work related to the CDC's business, written or otherwise, whether or not it can be patented or copyrighted, that SMO develops alone or with others during the employment with the company(all of which are referred to as "Company Inventions") belongs to the company. If a Company Invention is something that can be



copyrighted and SMO creates it as a part of the job or because the company asks him/her to create it, it is a "work made for hire." The organization is not required to acknowledge his/her role in the creation of any Company Inventions or to have his/her permission to modify, expand, or benefit from it.

As a condition of the employment, SMO assigns exclusively to the company all of his/her rights, title and interest in Company Inventions. SMOs further agree to assist the organization in obtaining for its own benefit intellectual property rights, including any patents and copyrights, in the Company Inventions and agree to deliver any documents that may be requested to assure, record or perfect their assignment of the Company Inventions to the organization.

#### **5.4. TELEPHONES, E-MAIL, INTERNET, AND OTHER ELECTRONIC COMMUNICATIONS DEVICES**

Telephones, electronic mail (e-mail), fax, photocopier systems and other electronic communications devices provided by CDC, whether in the workplace or elsewhere, are the properties of the company and should be used for business purposes; however, limited incidental personal use is permitted, consistent with the Code and all other policies of the organization.

The use of e-mail, the company's intranet and the internet must conform to the policies of CDC. E-mail and internet systems may be used to transmit or provide access to confidential information only when such information is adequately protected and transmitting such information is necessary for business purposes.

Among other things, the following are prohibited in electronic communications:

- 1 Statements, which, if made in any other forum, would violate any of our policies, including policies against discrimination and harassment; participation in impermissible or illegal activities (such as gambling, betting etc.); and the misuse of confidential information.
- 2 Accessing, downloading, reviewing, uploading, receiving, saving, forwarding or sending offensive materials.



CDC considers all data and communications transmitted through, received by, or contained in its electronic or telephonic equipment and systems to be CDC's property. Subject to applicable laws and regulations, CDC reserves the right to monitor, review, and disclose all such data and communications with the permission from ECC. SMOs should have no expectation of privacy when using such resources.

Additionally, SMOs who abuse our communications systems or use them excessively for non-business purposes may lose these privileges and be subject to disciplinary action.

#### **5.5.LIMITS OF AUTHORITY**

SMOs authority to act on behalf of CDC is limited by various laws, regulations, Corporate Charters, and Board Resolutions, and by internal policies and procedures. SMOs may not sign any documents, cheques, use CDC letterheads, company's seal or otherwise represent or exercise authority, on behalf of CDC entity unless they are specifically authorized to do so. SMOs should be aware of limits on the authority and do not take any action that exceeds those limits.

Delegation of authority, where permissible under corporate policies and otherwise appropriate, should be reasonably limited in scope and subject to appropriate ongoing oversight.

#### **5.6.MARKETING PRACTICES**

CDC uses marketing and advertising activities to educate the public, provide information to the community, increase awareness of our services, and to recruit SMOs. Therefore, only truthful, fully informative, and non-deceptive information should be presented in these materials and announcements.

#### **5.7.LEGAL AND REGULATORY COMPLIANCE**

There is a range of expertise within the organization, including the legal department and numerous functional experts (*i.e. supervisors*), who should be consulted for advice concerning human resources, legal and regulatory



requirements. Those laws and regulations not covered in organization policies and procedures must be followed since it is impractical to develop policies and procedures that encompass the full body of applicable law and regulation. Anyone aware of violations or suspected violations of laws, regulations, the conditions of participation, or CDC policies and procedures must report them immediately to a supervisor, HR Representative or the CO.

### **5.8. POST-EMPLOYMENT RESPONSIBILITIES**

As a condition of continued employment with CDC, SMOs will have certain responsibilities after their employment with CDC terminates. These responsibilities include an obligation to return all company's assets in their possession, maintain the confidentiality of information obtained in the course of employment by CDC, and, if requested, assist CDC with investigations, litigation, and the protection of intellectual property relating to their employment.

## **6. OUTSIDE ACTIVITIES, GIFTS & OTHER POTENTIAL CONFLICTS OF INTEREST**

### **6.1. CONFLICTS OF INTEREST**

CDC's SMOs must be free of conflicting interests that might influence, or be perceived to influence, their decisions when representing CDC. Consequently, SMOs must not maintain any interest that conflicts with the interests of CDC, and should make every effort to avoid even the appearance of any such conflict.

A "conflict of interest" occurs when SMO private interest interferes in any way, or even appears to interfere, with CDC's interests as a whole. Conflict of interest also includes any outside activity undertaken by SMO that affects his work performance at CDC. A conflict of interest can arise when:

1. SMO take actions or have interests that may make it difficult to perform their work on behalf of CDC objectively and effectively.





2. SMOs, or a member of their family, receive any improper personal benefits as a result of their position with CDC.
3. SMOs do business with companies in which they, or members of their family, have significant interests.

SMOs who believe that they may have a potential conflict of interest must report their concerns to their supervisors immediately. Executive Officers who believe that they may have a potential conflict of interest must report their concerns to the HR Representative or to the CO, who will consult with the ECC to resolve the situation.

Following are guidelines that will help recognize and avoid potential conflicts of interest. However, it should be noted that conflicts of interest are not restricted to these guidelines.

- 1 SMOs dealings with customers, suppliers, vendors, contractors and others should be based solely on what is in CDC's best interest, without favor or preference to any third party, including close relatives.
- 2 If SMO deal with, or influence decisions of, individuals or organizations seeking to do business with CDC, they must not own interests in, or have other personal stakes in, those organizations that might affect their decision-making process and/or objectivity.
- 3 SMOs may not engage in self-dealing or otherwise trade upon their position with CDC or accept or solicit any personal benefit from a client or supplier not generally available to other persons or made available to them due to their position with CDC (except in accordance with our policies regarding the occasional acceptance of gifts in section 5.4.1 ).
- 4 SMOs must not do business with close relatives on behalf of CDC unless they have disclosed the relationship and received written authorization.
- 5 Hiring or working with relatives, or someone with whom SMOs have a relationship, is subject to specific restrictions. They should be aware of those limitations if they apply to them.



- 6 Any outside activity for which SMOs will be paid, including a second job which in any way affects their work performance or debars them in efficiently discharging their official duties or work responsibilities with CDC. This also includes any outside activity for which they will not be paid, any affiliation with another business as a director, officer, advisory board member, general partner, owner, consultant, or in any similar position.

If the ECC has reasonable cause to believe that any SMO of any rank has failed to disclose an actual or possible conflict of interest, it shall inform that SMO of the basis for such belief and afford him an opportunity to explain the alleged failure to disclose. If, after hearing the response of the SMO and making such further investigation as may be warranted in the circumstances, the ECC determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall recommend appropriate disciplinary and corrective action.

The violation of this conflicts of interest policy is a serious matter and may constitute "cause" for removal or termination of SMO, or the termination of any contractual relationship the Company may have with an Interested Person or other party.

Reports of conflicts based on appearances can undermine public trust in ways that may not be adequately restored even when the mitigating facts of a situation are brought to light. Apparent conflicts, therefore, should be disclosed and evaluated with the same vigor as actual conflicts.

## **7. OUTSIDE BUSINESS AND ACTIVITIES; OUTSIDE EMPLOYMENT**

### **7.1.General**

SMOs outside activities must not reflect adversely on CDC or give rise to a real or apparent conflict of interest with their duties to the organization. SMOs must be alert to potential conflicts of interest and be aware that they may be asked to



discontinue any outside activity if a potential conflict arises. SMOs may not, directly or indirectly:

- Accept a business opportunity from someone doing business or seeking to do business with CDC that is made available to them because of their position with the organization.
- Take for them a business opportunity belonging to the company.
- Engage in a business that competes with any of the company's businesses.

In general, SMOs may not work for, or serve as a director or officer of or adviser to, a competitor, client or customer of the company.

Outside activities must not interfere with the job performance or require such long hours as to affect SMO's physical or mental effectiveness. SMO's job at CDC should always be their first work priority. Please refer Security Policy for further guidance.

## **7.2. Procedures for Pre-Clearance of Outside Activities**

SMOs must seek a new clearance for a previously approved activity whenever there is any material change in relevant circumstances, whether arising from a change in the job with CDC or in the role with respect to that activity or organization. SMOs must also notify the HR Representative when any approved outside activity terminates.

## **7.3. POLITICAL ACTIVITIES**

### **Volunteering for a Political Campaign**

If SMO wishes to volunteer for a political campaign, he/she must do so on his/her own time and as an individual, not as a representative of the company. He/she may not use any CDC staff, facilities, equipment, supplies, or mailing lists. His/her activities should not be viewed as connected with his/her position with CDC, especially when communicating with colleagues, customers, or suppliers.



#### **7.4. ACCEPTING GIFTS, MEALS, AND ENTERTAINMENT FROM CUSTOMERS, SUPPLIERS, AND OTHERS DOING BUSINESS WITH CDC**

A gift may take many forms. For the purposes of the Code, the term “gift” includes anything of value for which one is not required to pay the retail or usual and customary cost. A gift may include meals or refreshments, goods, equipment, services, trainings, discounts, tickets to entertainment or sporting events, or the use of a residence, vacation home or other accommodations.

Gifts given by others to members of SMO family, to those with whom they have a close personal relationship, and to charities designated by them, are considered to be gifts to the SMO for purposes of the Code.

SMOs may never, except as provided in the Code:

- Solicit, for them or for anyone else (other than the company), or accept anything of value from anyone doing business with the company.
- Solicit, for them or for anyone else (other than the company), or accept anything of value from anyone in return for any business, service, or confidential information of the company.
- Solicit, for them or for anyone else, or accept anything of value, directly or indirectly (other than bona fide salary, wages, awards, and fees paid by or to the company), from anyone in connection with the business of the company, either before or after a transaction is discussed or consummated.

Note that the restrictions in this section are not intended to apply to gifts based on obvious family relationships (such as SMOs parents, children, or spouse) or close personal friendships, where the circumstances make it clear that it is the relationship rather than the company's business that is the motivating factor.

SMOs are responsible for being familiar with any additional restrictions that may be applicable to their business unit.

##### **7.4.1. What SMOs may accept**

Acceptance of gifts of any kind (including entertainment and hospitality) from persons that do business or seek to do business with CDC (including identified

prospective customers) is generally prohibited. However, the following gifts may be accepted on infrequent occasions from such a person if it is clear that the person is not trying to influence or reward you inappropriately in connection with any business decision or transaction and the gift is unsolicited. SMOs can accept the gifts as long as:

- They are provided as part of an approved incentive program
- They are of nominal value (e.g. under Rs.5000, both individually and collectively) or have been approved by your supervisor.
- Public disclosure of the transaction would not embarrass CDC.
- They cannot be construed as an inducement to favor the giver in any way
- To do so is consistent with all aspects of the CDC Code of Conduct
- They are advertising or promotional material, such as pens, pencils, note pads, key chains, calendars, and similar items.
- They are in form of discounts and rebates on merchandise or services that are offered to the general public or to all SMOs under a plan negotiated by CDC.
- They are civic, charitable, educational, or religious organization awards for recognition of service and accomplishment.
- They are meals, refreshments, and entertainment in the course of a meeting or other occasion, provided:
  1. The purpose is business-related,
  2. Host is present,
  3. SMO attendance is related to his/ her duties with CDC,
  4. The level of expense is reasonable and customary in the context of SMO business and the relationship with the host, and
  5. The frequency of such invitations from one host is not excessive.

Although it's common practice to accept gifts of low monetary value – all other offers of gifts and advantages should be brought to the attention of the supervisor. A record of such offers and invitations should be maintained and will be reviewed by management in accordance with Company policies and procedures.



If such a gift is unavoidable because of local custom, SMO must report the gift to the supervisor, who may consult with the HR Representative, the CO or ECC, for a determination whether, or the extent to which, the gift may properly be considered SMO's personal property.

#### **7.4.2. What SMOs may not accept**

Except as approved pursuant to Section 5.4.3, SMOs may not accept the following from any current or identified prospective customer, supplier, or other party doing business with CDC:

- Gifts of cash or cash equivalents (such as gift certificates, gift checks, or securities), in any amount.
- Discounts not available to the general public or to all SMOs under a plan negotiated by CDC.
- Gifts to be delivered in installments.
- Travel or accommodation expenses, unless they have been approved in writing by the ECC.
- Tickets for sports competitions, concerts, balls or other entertainment events for SMO personal use, other than as permitted under Section 5.4.1.

#### **7.4.3. Approval of nonconforming Gifts**

Supervisors, HR Representative or the ECC may approve, on a case-by-case basis, the acceptance of a gift that is not specifically permitted under Section 5.4.1, or that is prohibited under Section 5.4.2. Any such approval must be in writing and pursuant to full written disclosure of all relevant facts, including the name of the donor, the SMO's details, the nature and approximate value of the gift.

#### **7.4.4. Required reporting of Gifts**

SMOs are required to file a Nonconforming Gift Approval Request and Report Form with respect to any gift that is not permitted under Section 5.4.1 or that is listed in Section 5.4.2, if the gift has not been refused or returned (even if acceptance has been approved in accordance with Section 5.4.3). Note that



SMOs must refuse or return any such gift unless it has been specifically approved in writing as specified in Section 5.4.3. the Request to Receive Personal Benefit Form should be used to evidence that approval.

The HR Representative will maintain a record of all reported gifts.

## DEFINITIONS AND EXAMPLES

In addition to the definitions and acronyms present in the documents of reference:

### **ASSETS OF THE COMPANY**

Examples of assets of the company are:

- furnishings, equipment, supplies and services, such as telephone, the company's intranet, internet
- any property created, obtained, or compiled by or on behalf of CDC , including
  - customer lists, directories, files, reference materials and reports, computer software, data
  - processing systems, computer programs and databases
  - trade secrets
  - security and other business practices or processes, policies, procedures, and know-how
  - cost, pricing, or financial information
  - SMO compensation, health, or personnel records
  - business or marketing plans
  - research
  - business relationships
  - products and services
- any other information that the company considers to be proprietary or confidential information

### **CDC**

Central Depository of Pakistan Limited

### **CEO**

Chief Executive Officer

### **CODE OF CONDUCT**

The Code of Conduct, also referred to as the Code, includes all other policies



referred

to in the Code, and any supplemental policies and procedures that may be applicable to you.

## **CO**

Compliance Officer

## **COMPANY**

Central Depository Company of Pakistan Limited

## **CONFIDENTIAL INFORMATION**

Examples of confidential information:

- trade secrets, security and other business practices or processes, policies, procedures, or know-how
- internal and external audit reports
- nonpublic portions of bank examination reports and other reports or information filed with regulators
- software, data processing programs, databases
- customer or supplier lists, telephone or other contact lists, and other information about customers
- customer presentations
- information about employees of customers or suppliers
- cost, pricing, or financial information
- employee and/or SMO directories, lists, telephone numbers, or other information about employees or SMO.
- Employees and SMOs compensation, health, or personnel records
- business or marketing plans and research

Examples of other confidential information about customers

- the same kind of information that the company considers confidential about itself
- information obtained from requests or applications for our services or as a result of "know your customer" due diligence, such as NIC number.



- information about transactions with the company, such as Transaction Order.
- the fact that a person is a customer
- information collected through an information collection device from a web server (such as a cookie or a beacon)

Supplier or other third party information that you should assume to be confidential

- the same kind of information that the company considers confidential about itself
- information received from others such as financial reports or projections and information
- about its business plans, customers, suppliers, or creditors

#### **CONFLICT OF INTEREST**

A conflict of interest occurs when SMO's private interest interferes in any way, or even appears to interfere, with the company's interests as a whole.

#### **ECC**

Ethics and Compliance Committee

#### **GIFT**

Anything of value for which you are not required to pay the retail or usual and customary cost. A gift may include meals or refreshments, goods, services, tickets to entertainment or sporting events, or the use of a residence, vacation home or other accommodations.

#### **HOD**

Head of Department

#### **INSIDE INFORMATION**

Confidential information that is material, nonpublic information about the



securities activities, or financial condition of a corporation, public entity, or other issuer of securities or financial instruments. Material, nonpublic information concerning market developments may also be construed to be inside information.

#### **NEED-TO-KNOW**

Persons with a “need-to-know” information require access to that information in order to

perform the services we are engaged to provide to the party who provided the information to us – for example, lawyers, accountants and other experts and senior management personnel. Who “needs to know” any particular information will depend on the specific facts and circumstances; if in doubt, consult the HR Representative. Justification of another department in activities that are unrelated to the service or transaction for which the information was obtained. In some circumstances, HR Representative may determine that limited disclosure is required by law or is otherwise appropriate. These decisions should be made only by the HR Representative or the ECC.

#### **NONPUBLIC/PUBLIC INFORMATION**

Information should be considered nonpublic unless it is clearly public. Information is deemed public once it has been publicly announced or otherwise disseminated in a manner that makes the information available to investors generally. For example, information disclosed in a press release distributed through a widely circulated news or wire service would generally be considered public.

#### **ORGANIZATION**

Central Depository Company of Pakistan Limited

#### **TRADE SECRET**

A trade secret is a formula, practice, process, design, instrument, pattern, or compilation of information used by a business to obtain an advantage over



competitors or customers. In some jurisdictions, such secrets are referred to as "confidential information".