

THE CODE OF CONDUCT & ETHICAL STANDARDS **FOR THE DIRECTORS**

(VERSION 4.00)

The Code of Conduct & Ethical Standards for the Board of Director(s) of the Al Baraka Bank (Pakistan) Limited (ABPL) (the Bank) is laid down with an aim to ensure transparency and high ethical standards in managing the affairs of the Bank. This Code of Conduct would be applicable to all the members of the Board of the Bank and would be observed by the members of the Board while carrying out the fiduciary duties conferred upon them by the statute. Every members of the Board shall adhere to the Code of Conduct and the norms prescribed for monitoring and management of the conflict of interest.

The Code of Conduct requires the Board of Director(s) to exercise his/her powers and carry out his/her fiduciary duties with a sense of objective judgment and independence in the best interest of the Bank. It is not an exhaustive document but it recognises Board of Director(s) responsibilities within the scope of their authority as set forth in ethical Shariah principles, applicable laws, regulations and directives of regulatory authorities as well as in the Memorandum & Articles of Association of the Bank.

The Code of Conduct applies to Board of Directors(s) and its main principles outlined in this document is intended to:

- Codify a standard of conduct by which all Board of Directors are expected to abide by;
- Protect the business interests of the Bank;
- Maintain Bank's reputation of integrity; and
- Ensure compliance with applicable legal and regulatory obligations.

The Board of Director(s) who also serve as executive of the Bank should read this Code in conjunction with the Bank's "Code of Conduct for Employees".

The Code may be revised from time to time to reflect changing legal, regulatory and ethical standards. The Code shall be available on the Bank's website.

1. Environmental, Social and Governance (ESG) Practices.

The Board of Director(s) is responsible to set a standard for Environmental, Social, and Governance (ESG) investing for the Bank's behavior used by socially conscious investors to screen potential investments.

The Board of Director(s) is also responsible to encourage the management to adopt digitalisation to enhance efficiency and to protect environment.

- To promote and ensure compliance with ESG policy of the Bank, if any;
- To encourage philanthropic activities, donations, contributions to charities and other matters of social welfare, in terms of sustainable practices;
- To encourage the management to publish or disclose regular reports on his/her ESG targets, environmental and social impact activities;

- To ensure that the Bank operates in an environmentally and socially responsible manner, while having strong governance practices in place;
- To ensure that the Bank adopts most efficient energy management system, prevention of energy waste and utilisation of natural resources in responsible manner;
- To ensure commitment to prevent the wasteful use of natural resources and minimise any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment in accordance with the applicable laws.

2. Compliance with Law & Regulations

ABPL operations are subject to numerous laws and regulations in jurisdictions in which it carries on its business, which have an impact on its products and services. Violation of any law can affect ABPL's reputation and its ability to carry on its business effectively. The Board of Director(s), who is required to oversee the affairs of the Bank, shall assure that the management is carrying out its affairs prudently in line with existing laws, rules and regulations including Articles of Association of the Bank.

The Board of Director(s) shall in respect of their responsibilities and obligations as member of the Board, adhere to all applicable laws, regulations and directives of regulatory and tax authorities, including the Prudential Regulations of the State Bank of Pakistan, the Companies Act, 2017, Banking Companies Ordinance 1962, Securities and Exchange Commission of Pakistan.

3. Professionalism

The Board of Director(s) takes great pride in professionalism and has an uncompromising determination to achieve excellence in everything undertaken.

The Board of Director(s) recognises that Islamic Banking is still developing and therefore, there is a need to stress creativity and imagination in everything and to find a better solution to customer's needs.

The Board of Director(s) will constantly strive to anticipate the rapidly changing needs of customers.

4. The Proposition

ABPL is an Islamic Bank. Integrity and honesty is core to beliefs, hence, its business. ABPL expects that Board of Director(s) maintain high ethical standards in everything they do, both in his/her work for the Bank and in their personal lives.

Al Baraka's assets are its people, capital and reputation. If any of these is ever diminished, the last is the most difficult to restore. Board of Director(s) are dedicated complying fully with the letter and spirit of the laws, rules and ethical Shariah principles that govern us. Our continued success depends upon swerving adherence to this standard.

5. Conflict of Interest

Directors shall act with integrity, independence, and in the best interests of the Bank at all times and shall exercise due care to identify, avoid, disclose, and appropriately manage any actual, potential, or perceived conflict of interest involving their personal, professional, business, financial, political, or family interests, including those who are directly dependent, and also include their spouse, minor children, relatives, partners, associates, or other related

parties. Directors shall not use their position, authority, confidential information, or the Bank's assets to obtain, directly or indirectly, any undue gain or advantage for themselves or any related person, and any such gain shall be recoverable by the Bank. Every director who is, directly or indirectly, concerned or interested in any contract, transaction, arrangement, or matter involving the Bank shall promptly disclose the nature and extent of such interest to the Board and shall abstain from participating in discussions, deliberations, voting, or otherwise influencing any decision relating thereto. Directors shall comply with all applicable legal, regulatory, and policy requirements relating to conflicts of interest, including restrictions concerning outside offices, directorships, substantial interests, political affiliations, and other engagements that may impair their independence or create competing obligations. The Board shall ensure that the appointment of directors, the President/CEO, and Key Executives does not create conflict of interest situations and that sponsor shareholders, directors, executives, and employees avoid conflicting commitments with other organizations. In Pakistan, a director shall not hold any public office, serve on the board of another bank or DFI, or hold a substantial interest in, or be associated with, an exchange company, stock exchange, brokerage firm, credit information bureau, or any entity controlled by such organizations.

Directors shall have a continuing obligation to disclose and manage conflicts of interest throughout their tenure and to ensure that all related party transactions are conducted on an arm's length basis, transparently, and in the best interests of the Bank. Where majority of the directors are interested in such transactions, the matter shall be placed before the general meeting for approval.

6. Confidentiality

The Board of Director(s) will ensure that the Bank's secrecy is fully respected at all times and confidential information is not improperly disclosed in or outside the Bank or used for individual/personal gains. The Board of Director(s) will also not disclose any fact to the customer(s) 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.

7. Diversity and inclusion

The Board of Director(s) shall ensure to promote diverse and inclusive Board and Management composition, and to provide equal opportunities to all employees for employment in the Bank irrespective of their culture, race, gender, caste, and religion, and also promote a work environment free from discrimination, harassment and intimidations of any nature.

8. Our Stakeholders

The customer(s) interest will always come first. If we serve our customer(s) well, the Bank's success will follow.

The Board of Director(s) will regularly receive confidential information as part of normal course. To breach a confidence or to use confidential information improperly or carelessly is unthinkable.

The goal is to provide superior returns to the shareholders. Profitability is critical in building equity and attracting and keeping our best people, therefore, employee incentive plans will align the interest of employees and the shareholders.

The Board of Director(s) shall act in good faith in order to promote the objects of the Bank for the benefit of its members as a whole, and in the best interests of the Bank, its employees, the

shareholders the community and for the protection of environment through their supervisory role on the overall conduct of business and operations by the management.

9. Safeguarding Bank's Assets

The Board of Director(s) shall oversee the Management's control on the Bank's physical assets and shall ensure that management invests in assets that are required for the purpose of conducting the Bank's business.

10. Promoting Safe & Healthy Environment

The Board of Director(s) shall ensure that the management shall consider the safety and health of all employees and to provide safe, competitive and healthy working environment in the Bank.

11. External Activities & Public Statements

i. External Activities:

The Board of Director(s) shall not make a statement or disseminate information, which is misleading or false.

ii. Public Statements:

The Board of Director(s) shall not make any public statements which may invite adverse criticism or expose the Bank to a reputational or regulatory risks.

12. Insider Trading

The Board of Director(s) shall not deal directly or indirectly in the shares/securities of the Bank whether on his/her own account or his/her relative's account, if they are in possession of any unpublished price sensitive information concerning the Bank. The Directors are in possession of any unpublished price sensitive information shall not communicate directly or indirectly the said information to others who trade on such information.

13. Human Resource

The Bank will strive to identify and recruit the right person for the right job. Without the best team, we cannot be the best Bank.

The Bank will offer its employees, the opportunity to progress. Advancement depends on merit. The success will depend on the diversity of personnel to reflect the communities and cultures in which they operate.

The individual creativity is always encountered; however, team effort always produces the best results. Personal interest must be subordinated to the interests of the Bank and its customer(s).

14. Disclosure of Interest:

The Board of Director(s) must take care to ensure that they identify and avoid any situation of actual or apparent conflict with the interest of the Bank, whether the situation involves the Board of Director(s) directly or a member of his or her immediate family.

15. Third Party Directorship:

If a Board of Director(s) wishes to become officially involved with any third-party corporation or other organisation as a director, trustee, officer, or advisor, the director must inform the Board of Director(s) through the Company Secretary prior to such involvement.

16. Related Party Transactions

As a general rule, the Board of Director(s) will avoid conducting Bank's business with himself/herself a relative or any other person or any firm, Company or Association in which the relative or other person is associated in any significant role.

If such a related party transaction is unavoidable, the Board of Director(s) will fully disclose the nature of the related party transaction to the appropriate authority and will do so on an arm's length basis.

17. Waiver

From time to time, a situation may arise that warrants a waiver of one or more provisions of this Code. A Board of Director(s) who believes that a waiver may be more appropriate in certain situations should first consult with the Chairman and finally get the same approved by the Board.

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I/We certify that, I/We have read and understood the Code of Conduct for Board of Director(s).

I/We agree to conduct all my/our duties in accordance with the standards outlined in this statement. I/We certify to the best of my/our knowledge, information and belief that I/We have not been engaged in any behavior which is unacceptable under this statement. I/We further certify that I/We am/are not aware of any possible conflict of interest as described in this statement.

AZHAR AZIZ DOGAR
Chairman

AZHAR HAMID
Vice Chairman

ABDUL MALEK MEZHER
Director

SHAHER EID ABDUL HALEEM SULEIMAN
Director

ZAHID RAHIM
Director

YOUSSEF WASSIM ABOUL-NAJA
Director

MOHAMED TAREQ SADEQ
Director

VASEEHAR HASSAN BIN ABDUL RAZACK
Director

FARIHA SALAHUDDIN
Director

MUHAMMAD ATIF HANIF
Chief Executive Officer