

# *BOARD OF DIRECTORS* **(BoD) CODE OF CONDUCT**



**THE PAKISTAN CREDIT RATING AGENCY LIMITED**

## **CODE OF CONDUCT**

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**1 INTRODUCTION**

*Adopted by the Board of Directors of PACRA in the 67<sup>th</sup> BoD Meeting held on 18th June, 2010*

**1.1** PACRA a credit rating agency strives to observe the highest standards of integrity and fairness in all its dealings. The directors are expected to articulate the high standards of professionalism, integrity, ethical and law abiding behavior in the organization. All Directors of the Company are expected to read and understand the Code of Conduct and follow these standards in performance of their duties and fulfill their fiduciary obligations.

**1.2** Directors shall not have access to information obtained by PACRA, relating to a particular entity, that PACRA rates. In case, a Director inadvertently obtains any such information, then he/she shall not share that information with anyone.

**1.3** Rating opinions will not be discussed in the Board meeting.

**1.4** All the Board members shall affirm compliance with the Code at the time of appointment as Director and on an annual basis in first Board meeting of subsequent financial year.

**2 COMPLIANCE WITH LAWS, RULES, REGULATIONS**

**2.1** All the Directors must comply with all applicable laws, regulations, and rules of the country. They will not assure or guarantee any specific rating.

**3 ETHICAL CONDUCT**

**3.1** Directors shall act honestly and with integrity in all their dealings for the company. Such conduct shall be fair, transparent and should be such that it is perceived so by third parties They should not make any promise or commitments which the company does not intend to or would be unable to honor.

**3.2** Directors shall not use company information obtained by them for personal gain financial or otherwise or for the benefits of any other person or business.

**4 CONFIDENTIALITY**

**4.1** Information relating to any client /employee or activities of the Company is strictly confidential and shall not be disclosed inadvertently or deliberately to any one unless the Director has been specifically authorized in writing to release this information.

**5 CONFLICT OF INTEREST**

**5.1** Directors shall not engage in any business transaction, which might conflict with the interests of PACRA. A conflict of interest may arise where such a Director derives a personal benefit by making or influencing decisions relating to such business transactions. Directors shall disclose their business interest at the time of appointment as Director and on an annual basis in the last Board meeting of every financial year.

**6 RESTRICTION ON DIRECTORS**

**6.1** This refers to the SECP restriction on directors of credit rating companies:

**6.2** No director of the credit rating company shall be a director of a corporate entity or a business firm or a share holder holding 5% or more of any corporate entity or business firm or in any other way interested in such an entity subject to

rating by the rating company.

**6.3** Provided that this restriction shall not apply to a director of a rating company nominated as a director of an entity by the Federal Government or a Provincial Government or an institution which is directly or indirectly owned or controlled by the Federal Government or a Provincial Government.

**6.4** Provided further that the director of the rating company shall inform the Commission of such nomination within fifteen days of the receipt of rating mandate from such entity together with an undertaking that he shall not participate in the rating process of that entity.

**6.5** No director, officer or employee of the credit rating company shall communicate the information, acquired by him for use for rating purposes, to any other person except where required under law to do so.

## **7 INSIDER TRADING**

**7.1** Directors shall not deal in securities of a Company whether on their own account/their relative's account if they are in possession of any unpublished price sensitive information concerning the Company.

**7.2** A Director who is in possession of any unpublished price sensitive information shall not communicate directly or indirectly the said information to others who trade on such information.

## **8 GIFTS**

**8.1** Directors shall not accept any gift, favor or invitation offered by any client, person or organization with whom the Company has any business relationship that creates a conflict between the member's personal interest and the interest of the Company. Directors shall not accept any such gift, favor, or invitation except those extended as a customary courtesy of business life and does not exceed US\$100.

## **9 REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR**

**9.1** Directors shall promptly contact the Chairman of the Board or the Managing Director or the Company Secretary if any director believes that he or she has observed illegal or unethical behavior by any employee, officer or director, or by anyone purporting to be acting on Company's behalf.

## **10 PROTECTING COMPANY ASSETS**

**10.1** The assets of the Company shall not be misused but employed for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information. They should endeavor to protect Company assets and ensure its efficient use.

## **11 WAIVERS & MODIFICATIONS**

**11.1** Waivers of this code of Conduct will be granted only when determined to be appropriate under the circumstances and in accordance with applicable law, and only upon approval by the Board of Directors or an authorized committee thereof. This Code of Conduct is also subject to modification by the Board of Directors at any time in order to ensure continued compliance with applicable laws, rules and regulations.