



AKD Securities Limited

Philanthropic Donation and CSR Policy

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Introduction:

An important aspect of AKDSL' commitment to responsible corporate behavior is our exercise of social responsibility through philanthropic donations and non-commercial sponsorship. By selectively developing, supporting and implementing innovative solutions together with competent partners based on our core knowledge and skills, we aim that simple measures will result in lasting improvements and sustainable impacts for society. When assessing projects, we focus on the potential impact rather than on the cost. We consider impact, not material return on investment, the measure of success or value. We believe that good corporate citizenship should be a matter of course and is not something to be undertaken for publicity purposes.

Scope:

This policy covers philanthropic donations and non-commercial sponsorship as distinctive contributions to express our commitment and responsibility towards society in a broader context. Such contributions are part of AKDSL belief of sharing business success with those who may not be in a position to directly benefit from our primary business success or who share special risks in common or who can benefit from the community value derived through our support or collaboration. In contrast, commercial donations and sponsoring activities are part of the marketing and distribution and are not covered by this policy.

Key Points of the Policy:

1. Mode of Operation

The annual budget for CSR will be defined by the Board of Directors (BOD), which is currently proposed to be 2.5% of pre-tax profits for the year 2017. Moving forward, new proposals for CSR projects will first be presented to the BOD for approval. The BOD will assess whether the proposed projects fall into the focus areas defined in the policy and the mode of support extended upon approval.

2. Monitoring and Evaluation:

Audit:

In the case of partnership with reputed organizations, AKDSL will disburse funds to such organizations as per approval from the BOD. The monitoring of such disbursement and the CSR department's compliance to this policy document will be under the scope of AKDSL' internal audit function. Only those partnering organizations will be selected that have strong audit and reporting functions themselves.

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3. Guiding Principles for Philanthropic Donations and noncommercial Sponsorship

3.1 Emphasis on Impact

AKDSL will engage in fewer, more in-depth projects emphasizing innovation, collaboration, quality and sustainability by donating both in cash and in kind. The amount or value of a donation (the input) is not viewed as a predictor or determinant of the significance and effectiveness (the outcome) since the cost of supporting a programme does not define its benefit. Communicating the impact of the programmes we support is an opportunity to better convey our intention and affirm our focus both externally and internally.

3.2 Commitment and Focus

AKDSL aims to be a reliable, long-term and active partner. Accordingly, we will focus our resources on a small number of selected projects where our engagement can make a significant difference rather than spread the limited funds available among a vast number of projects. Philanthropic donations are made only to duly registered or accredited independent nongovernmental organizations (NGO's) or not-for-profit charities thereby excluding governmental, political and religious entities. Despite recognizing the importance of private initiative and dedication, AKDSL principally does not support projects which supplant primary responsibilities of local authorities nor fund raising events which are simply conduits for transferring monies to third parties.

Focus Areas

AKDSL' CSR has been developed after careful consideration of the most pressing problems faced by Pakistan today. AKDSL has defined five focus areas to launch its CSR based on an assessment of the current sociological climate of Pakistan

1. Youth

Education:

Illiteracy is one of Pakistan's gravest problems. At present, by the age of 16 almost 85% of children have either dropped out or never been to school (Dawn, Alif Ailaan). Furthermore, Pakistan has a growing population of 63% under the age of 30. This situation presents a tremendous opportunity for the public-private sector to invest in education.

As an educated and skilled young work force can play a vital role in the positive future of the country, AKDSL aims to develop a multi-faceted program targeting the youth. AKDSL aims to help reduce barriers to education through scholarships to deserving students and in particular, women who seek to pursue higher studies in the fields of engineering and finance where women are highly underrepresented. AKDSL will seek to improve access to education by supporting organizations that establish schools in neglected areas, setting up an AKDSL scholarship fund in major universities, and providing job opportunities along with conducting

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mentorship programs. Furthermore, to promote positive extracurricular activities, sports and physical education, AKDSL aims to sponsor sporting events, support coaching academies and the development of sporting grounds.

2. **Preservation of Heritage and Culture**

Restoration of Heritage Buildings:

The celebration of history and culture has a strong, unifying impact on the people of a nation. As many impressive buildings from the colonial era have fallen to ruin due to neglect, AKDSL will engage in the complete restoration of heritage sites in order to uplift areas in which they stand and improve the aesthetics of the city.

3. **Environment**

Water:

Pakistan is at the brink of a massive water crisis, the kind of which could lead to a state of emergency in the next 6-7 years and total water shortage by 2025. In 2013, Pakistan was been described as one of the most “water-stressed” countries in the world by the Asian Development Bank “with only 1,000 cubic meters of water available per person per year, which is a fivefold drop since independence in 1947, and about the same level as drought-stricken Ethiopia” (Feb 2015, Salman Masood, The New York Times).

Pakistan has the world’s fourth highest rate of water use (Duetsche Welle). Water.org reports that in Asia and Africa, women and children spend on average 6 hours per day and walk an approximately 3.7 miles simply to collect and transport water. The scarcity of water in Pakistan has been deemed to be a greater threat to the nation than terrorism (Sauliha Nazar, Foreignpolicy.com). Needless to say, when it comes to water, the situation is extremely alarming.

In order to address the impending water crisis, AKDSL will take measures to understand the water cycle and how it is renewed in nature.

4. **Replantation:**

Global warming is now widely acknowledged to be a real threat to the planet. Although Pakistan does not contribute significantly to greenhouse gases, it is one of the nations most affected by global warming. Extreme weather conditions such as floods, drought and severe temperatures have resulted in the displacement of millions, have destroyed farmland and killed livestock. As Pakistan is largely an agrarian economy, the negative social and economic impact of global warming on the country is tremendous. Additionally, exposure to pollution and lack of access to clean water have led to an increase in air-borne illnesses and other life-threatening diseases.

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The primary way to reverse some of the adverse effects of global warming is through the plantation of trees. The rapid and unregulated cutting down of trees to fulfill the demands of urbanization has led to the permanent destruction of forests known as deforestation. In 2010, Pakistan was reported to have had “the highest rate of deforestation in Asia”. Deforestation directly impacts the biodiversity of the area and can result in the extinction of different species. The Indus Delta mangrove forests are worse affected by urbanization, an alarming situation as mangroves serve as the lungs of the area, helping to purify the air and reduce pollution.

The company will invest in solar power generation and sponsor reforestation and tree plantation efforts.

5. **Employees**

AKDSL recognizes that its strength lies in its employees and is a key factor in sustainable growth and performance. AKDSL aims to identify and address problems that employees and their families face by designing programs that can boost their future prospects and raise their living standards. Particularly in the middle income bracket, there is a disparity between the rise in salaries and cost of essentials such as education, health and real estate – which puts a lot of financial pressure on the average Pakistani employee. Moreover, with increasing vehicle traffic and demands on the job, the nation is working longer hours often at the cost of the family and self-development. By recognizing these realities and getting feedback from employees, the company hopes to alleviate some of the major issues to help people live more complete lives.

AKDSL employees will also be able to contribute their time and services to social causes through employee engagement programs focusing on mentorship and protection of the environment.

Miscellaneous:

While majority of the budget will be spent on the above focus areas to drive sustained impact, a small portion of the CSR budget will be allocated towards miscellaneous CSR contributions that come up during the year. This portion of the budget will be decided by the CSRSC and the approval process may be delegated to senior management to distribute as and when required.