

CODE OF CONDUCT OF PUNJAB MINERAL COMPANY (PVT) LIMITED

PART A : PREFACE & OBJECTIVES

PART B : DEFINITIONS

PART C : APPLICATION OF THE CODE

PART D : SPECIFIC PROVISIONS FOR MEMBERS

PART E : SPECIFIC PROVISIONS FOR CHAIRMAN

PART F : SPECIFIC PROVISIONS FOR CHIEF EXECUTIVE

PART G : SPECIFIC PROVISIONS FOR MANAGEERS & OFFICERS

PART H : PROVISIONS APPLICABLE TO ALL PERSONS

PART I : METHOD OF COMMUNICATION

**PART J : IMPLEMENTATION, COMPLIANCE, CONFLCIT RESOLUTION AND
MONITORING**

PART K: APPROVAL, AMMENDMENTS & WAIVERS

PART L : COMMENCEMENT OF APPLICABILITY

PART A: PREFACE & OBJECTIVES

The Board of Directors of the Company in compliance with sub-rule 5(4) of the Public Sector Companies (Corporate Governance) Rules, 2013 has unanimously adopted this Code of Conduct. The Code of Conduct shall articulate acceptable and unacceptable behaviors. It explains how we must conduct ourselves when representing or acting on behalf of our company. The code aids at achieving the following objectives which are mandatory under the provisions of the rules:

- To ensure that professional standards and corporate values are in place.
- To promote Integrity for the Board, senior management and other employees
- Define acceptable and unacceptable behaviors and to provide guidance in specific situations that may arise during the course of business.
- To ensure that adequate systems and controls are in place for the identification and redressal of grievances arising from unethical practices.
- To ensure a procedure for communication of the code to all concerned along with developing supporting policies and procedures where required.

The Board of Directors of the company is desirous of running the company with highest professional, ethical & legal standards. To ensure integrity of the company and to achieve the above mentioned objectives the company has adopted this comprehensive Code of Conduct which is applicable to all persons.

Our Code of Conduct cannot give you specific advice for every situation, dilemma or decision. All persons are encouraged to consult their seniors and colleagues where they are undecided on issues. Consequent to adoption of this code of conduct it is mandatory for all persons to fully comprehend, follow & own this code of conduct.

PART B: DEFINITIONS

Board:

Board means board as defined under clause 2(a) of the Rules which states:

“Board means board of directors of a Public Sector Company.”

Chief Executive (CEO):

Means a person defined as Chief Executive under clause 2(6) of The Companies Ordinance 1984 which states:

“Chief Executive, in relation to a company means an individual who, subject to the control and directions of the directors, is entrusted with the whole, or substantially the whole, of the powers of management of the affairs of the company, and includes a director or any other person occupying the position of a chief executive, by whatever name called, and whether under a contract of service or otherwise.”

Code of Conduct:

The definition of the term ‘Code of Conduct’ is same as provided under sub-rule 5(4) of the Rules;

Employee:

Employee means an individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties and includes chief executive, managers, and officers.

Employer:

Employer means Punjab Mineral Company (Pvt) Limited.

Member:

Member means a member of the Board;

Ordinance:

Ordinance means the Companies Ordinance, 1984 (XLVII of 1984).

Person:

Person means any member of workforce of the Company and includes both the board members and employees.

Public Sector Company:

Public Sector Company means Public Sector Company as defined under section 2(g) of the Rules which states:

"Public Sector Company means a company, whether public or private, which is directly or indirectly controlled, beneficially owned or not less than fifty percent of the voting securities or voting power of which are held by the Government or any instrumentality or agency of the Government or a statutory body, or in respect of which the Government or any instrumentality or agency of the Government or a statutory body, has otherwise power to elect, nominate or appoint majority of its directors, and includes a public sector association not for profit, licensed under section 42 of the Ordinance."

Rules:

"Rules" mean Public Sector Companies (Corporate Governance) Rules, 2013.

PART C: APPLICATION OF THE CODE

The code is applicable on the following:

- (1) CEO and Members
- (2) Managers & Officers
- (3) Employees

Collectively all of these are referred to as persons.

PART D : SPECIFIC PROVISIONS FOR MEMBERS

- Ø The Board of directors will ensure the promotion of the ethical values and culture in the Company for maintaining integrity for the Board, senior management and other employees in the form of a "Code of Conduct".
- Ø To perform their duties with a sense of objective judgment and independence in the best interest of the company.
- Ø Disclosure of conflict of interest in any situation and abstinence from any discussion, decision or voting in this regards.
- Ø Separation of office and functions of Chief Executive & Chairman.
- Ø It is the primary responsibility of the Board of Directors to uphold the law, rules & regulations
- Ø To ensure that the Company's assets are not used for private advantage and due economy is exercised in respect of handling of public funds, assets, resources and confidential information

- Ø Be vigilant about their own action and standup for what is right.
- Ø Conduct business without risk management and opportunity analyses.
- Ø The Board shall elect its chairman from amongst the independent directors so as to achieve an appropriate balance of power, increasing accountability, and improving the Board's capacity for exercising independent judgment. (Section (4) of the Rules)
- Ø Formulation of Board Committees to conduct the business of the company effectively and efficiently.
- Ø Formulation a process for evaluation of members to ensure their efficiency and accountability.
- Ø Ensuring transparency in procurement transactions;
- Ø Arranging and attending Orientation and Learning courses to acquaint themselves with corporate laws, business operations, environment awareness and awareness of Public Sector Company's values and standards of probity & propriety, accountability as well as their duties as directors.
- Ø To address health, safety and environment of employees of the company

PART D : SPECIFIC PROVISIONS FOR BOARD OF DIRECTORS

The Board shall formulate significant policies of the Public Sector Company, which may include the following;

- Ø The Board shall adopt a vision or mission statement and corporate strategy for proper alignment of strategic objectives of the company.
- Ø the formal approval and adoption of the annual report of the Public Sector Company, including the financial statements;
- Ø the identification and monitoring of the principal risks and opportunities of the public Sector Company and ensuring that appropriate systems are in place to manage these risks and opportunities, including, safeguarding the public reputation of the Public Sector Company
- Ø procurement of goods and services so as to enhance transparency in procurement transactions;
- Ø marketing of goods to be sold or service to be rendered by the Public Sector Company;
- Ø determination of terms of credit and discount to customers;

- Ø write-off bad or doubtful debts, advances and receivables;
- Ø acquisition or disposal of fixed assets and investments
- Ø borrowing of moneys up to specified limit, exceeding which the amounts shall be sanctioned or ratified by general meeting of shareholders;
- Ø Corporate social responsibility initiatives including, donations, charities, contributions and other payments of a similar nature;
- Ø determination and delegation of financial powers to Executives and employees
- Ø transaction or contracts with associated companies and related parties;
- Ø capital expenditure planning and control;
- Ø protection of public interest; and
- Ø human resource policy including succession planning.

PART E : SPECIFIC PROVISIONS FOR CHAIRMAN

The Chairman of the Board in accordance to section 4 (2) of the rules shall:

- (1) ensure that the Board is properly working and all matters relevant to the governance of the Public Sector Company are placed on the agenda of Board meetings;
- (2) conduct the Board meeting including fixing the agenda; and
- (3) ensure that all the directors are enabled and encouraged to fully participate in the deliberations and decisions of the Board. The chairman has a responsibility to lead the Board and ensure its effective functioning and continuous development, he shall not be involved in day to day operations of the Public Sector Company.

PART F : SPECIFIC PROVISIONS FOR CHIEF EXECUTIVE

The Chief Executive in accordance to section 4 (3) of the rules shall be responsible for:

- (i) the management of the Public Sector Company;
- (ii) for developing procedures in financial and other matters;
- (iii) subject to the oversight and directions of the Board, in accordance with the Ordinance, implementation of strategies and policies approved by the Board;
- (iv) making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

PART G : SPECIFIC PROVISIONS FOR MANAGERS & OFFICERS

- (i) Managerial behavior sets the tone for the conduct of all employees. Managers and Officers of the company have a responsibility to model and promote this Code.
- (ii) Managers and Officers have the ability to influence others by fostering an ethical environment and demonstrating this awareness in performing their duties and in making decisions.
- (iii) Team members devote their time, talents and energy for fulfilling our purpose and they deserve to be compensated fairly for their efforts. Managers & officers must ensure that performance of their staff is properly evaluated and their cases are fairly presented for compensation of their promotion and work.
- (iv) Managers and Officers of the Company shall ensure that public service employees understand the Code and any other relevant legislation, delegations, policies or other information required to satisfactorily perform their duties. Managers and Officers of the Company shall also ensure that appropriate development and training is provided to public service employees to perform their duties.

PART H : PROVISIONS APPLICABLE TO ALL PERSONS

· Conflict of Interests

Each person must avoid conflict of interest between him, the company and its associated or subsidiary undertaking(s). Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the company, should be disclosed promptly to the Chairman of the Board. If Director, Chief Executive, manager, officer and/or any employee have a question, they are expected to consult with the Chairman of the Board.

Directors are strictly prohibited to participate, discuss, decide or vote in matters where they have conflict of interest with the company.

While Director, Chief Executive Officer, manager, officer and/or any employee should be free to make personal investments and enjoy social relations and normal business courtesies, however, they must not have any interests that adversely influence the performance of their responsibilities. A conflict of interest may arise when person takes actions or has interests that may cause a difficulty in performance of his or her Company responsibilities objectively.

A conflict of interest may also arise when a person or his family, receives improper personal benefits as a result of his or her position with the Company, whether received from that Company or a third party. Gifts above a de minimis value, loans to, or guarantees of obligations of persons or their respective family members may create conflicts of interests.

· Register of Interests

A register of interests shall be maintained to record all relevant personal, financial and business interests, of directors and executives who have any decision making role in the company, and the same shall be made publicly available. Such interest may include, for instance, any significant political activity, including office holding, elected positions, public appearances and candidature for election, undertaken in last five years.

· Procedure for hiring employees

The company shall ensure the equality of opportunity by establishing an open and fair procedure for making appointments and for determining terms and conditions of services, free of nepotism and bad faith. The Board also has the power to constitute a committee consisting of one of its members or senior Executives for investigating, where necessary on confidential basis, on any deviation from the company's code of conduct.

· Corporate Opportunities

All persons are prohibited from taking personal opportunities related to the company's business, using company's property and inside information for personal gain or competing with the company for business opportunities.

· Confidentiality

All persons must maintain confidentiality of the confidential information entrusted upon them by the company and its associated or subsidiary undertaking(s), except when disclosure is authorized by the Company or legally or morally mandated.

The term "confidential information" means, non-public information that might be of use to competitors of the Company or harmful to the Company if disclosed. Members are expected to consult the Chairman of the Board or the legal advisor of the company in writing if they believe they have a legal obligation to disclose the confidential information.

· Honesty, Ethical and Fair Dealing

All persons must act honestly, fairly and exhibit high ethical standards in all business dealings of the company including dealing with customers, suppliers, competitors, & other persons of the company. Ethical handling of actual or apparent conflicts of interest between personal and professional relationships should be ensured by all persons.

No one shall abuse or misuse his official position to gain undue advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice or assuming financial or other obligations in private institutions or for persons which may cause embarrassment in the performance of official duties or functions.

· Relationship with stakeholders

Every person has responsibility to uphold the reputation of the company by treating the general public, institutional investors and other stakeholders with courtesy, integrity and efficiency, and ensuring service quality;

· Political Contribution

No funds or assets of the company may be contributed to any political party or organization or individual who either holds public office or is a candidate for public office except where such contribution is permitted by law.

· Smoking, Drugs & Use of Other Illegal Substances.

Alcohol, drugs and other illegal controlled substances can adversely affect safety, productivity, attitude, reliability and judgment. They have no place in the workplace.

Smoking and exposure of workplace to tobacco poses serious health hazards to persons working in the company. Further they pose potential risks of fire and explosions where explosives are used for mining. Considering this, smoking is permitted only in the designated 'Smoking Areas'.

· Family Connections and Employment of Relatives

Any dealing/s between staff and outside organizations in which they have a direct, indirect or family connection must be fully disclosed to the management.

· Workplace Health & Safety

To conduct business in accordance with applicable health and safety requirements. All persons are expected to perform their work in compliance with the health and safety laws, regulations, policies and procedures of their locations. Everybody is cautioned to apply safe work practices when they are working in mines, remote locations or at offices. Team members working at customer locations must also follow the customer's health and safety requirements. Concerned managers and officers must immediately report workplace injuries, illnesses or unsafe conditions including "near-misses." Timely reporting may help prevent others from being injured.

· Use of Assets & Record

Every person shall ensure using the funds, assets and resources of the Company with due diligence and care. Company's assets and resources are not used for private advantage and due economy is exercised so as to reduce wastage. No person shall remove or sell any assets or record without approval of competent authority. No claims for unacceptable expenses shall be made to the company

· Professional Behavior i.e. Compliance with Laws, Rules and Regulations

Every person shall comply with relevant laws, rules and regulations applicable to the company and avoid any action that may discredit the company.

· Encouraging Reporting of Possible Illegal or Unethical Behavior

Directors should take steps to ensure that the company promotes ethical behavior, encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation. Encourage employees to report violation of laws, rules, regulations, company policies and procedures or code of conduct to appropriate personnel and inform them that the company will not allow any retaliation for reports made in good faith.

· Public Statements

No public statements will be made without authorization by the Board

· Gifts

No person shall accept or permit any member of his/her family to accept from any person any gift, the receipt of which will place him/her under any form of official obligation to the donor. Gift above de minimis value cannot be accepted without prior approval of the Board of Directors.

According to provision 5b(v) of the rules a declaration will be filed by the directors that they shall not offer or accept any payment, bribe, favor or inducement which might influence, or appear to influence, their decisions and actions; and

· Acceptance of Foreign Awards

No person shall except with the approval of the Chairman accept a foreign award, title or decoration.

Explanation:—For the purposes of this rule, the expression "approval of the Chairman" means prior approval in ordinary cases and ex-post-facto approval in special cases where sufficient time is not available for obtaining prior approval.

· Anti-Corruption

It is responsibility of every person who comes to possess, receives, obtains or comes across any information regarding involvement/indulgence of any person in corruption or corrupt practices directly or indirectly, or observe any action or activity on part of any person that falls within the ambit of corruption or corrupt practices must report the same to the Chairman of Board of Directors or an independent director authorized as his representative. A failure on part of the person in fulfilling this obligation will be deemed as abetment/connivance.

Anonymity of an employee who meets the above obligation will be strictly maintained and appropriate protection will be provided by the board and management in terms of his/her job and career.

Further according to provision 5b (v) of the rules it is the responsibility of the Board of directors to develop and implement a policy on "anticorruption" to minimize actual or perceived corruption in the company.

· Lending and Borrowing

No director shall lend money to, or borrow money from, or place himself/herself under any pecuniary obligation to, any person within the local limits of his/ her authority or any person with whom he/she has any official dealings.

Such restrictions shall not apply to personal financing of the individuals with financial institutions. In case of corporate / business loan above Rs 50 million is being obtained from a financial institution with which the company has obtained borrowing or is in process of negotiations for borrowing prior approval from the Chairman will be required. In case of the Chairman the Board will approve such lending.

· Propagation of Sectarian Creeds, etc.

No Person shall propagate such sectarian creeds or take part in such sectarian controversies or indulge in such sectarian partiality and favoritism, as are likely to affect his/her integrity in the discharge of his/her duties, or to embarrass the administration, or create feelings of discontent or displeasure amongst the members & employees.

· Ideology of Pakistan

No Person shall express views detrimental to the ideology or integrity of Pakistan.

· Nepotism, Favoritism and Victimization, etc.

No director shall indulge in provincialism, parochialism, nepotism, favoritism or willful abuse of office.

· Whistle Blowing Policy

This Policy covers any action which results, or is likely to result, in any misconduct which goes against Company's values, such as fraud, breach of Code of Conduct, theft, any action endangering the health and/or safety of any individual, etc. Further involvement of persons with any criminal elements or people with criminal & fraudulent backgrounds must be reported to the management to ensure that such people are not working on any key positions in the organization.

The Board shall ensure that all complaints will be handled in complete confidence, and that the identity of the complainant will not be revealed to the Management. In the unlikely event that the identity of Whistle Blower is revealed to any person in the Company, it will be ensured that the complainant is not subjected to any form of detrimental treatment.

· Compliance Procedures

Directors should disclose any suspected violations of this code promptly in the immediate subsequent meeting of the Board of Directors. Employees shall report violation of this code to Human Resource Department, except for cases of whistle blowing.

PART I : METHOD OF COMMUNICATION

The Board is entrusted with ensuring that appropriate steps are taken to communicate the code of conduct throughout the company along with its supporting policies and procedures.

In order to discharge their responsibility effectively all persons associated with the company shall sign the code of conduct upon their appointment & in case of old appointees from the effective date of implementation of the code.

Further the company will also post the same on its website for ease of access to all the persons.

PART J: COMPLIANCE, MONITORING, CONFLICT RESOLUTION AND REPORTING

The HR Committee of the Board shall be responsible for ensuring compliance & monitoring of code of conduct. They shall at least on annual basis report to the board on deviations from the code and how the reported conflict was resolved. The board & HR Committee shall ensure that a fair and impartial process is followed for resolution of any grievance to any person on timely basis.

The Board may also from time to time nominate a committee consisting of one of its members or senior Executives for investigating, where necessary on a confidential basis, any deviation from the company's code of conduct

PART K: APPROVAL, AMMENDMENTS & WAIVERS

The code has been approved by the Board of Directors. Any amendments to the Code must be approved by the Board or an appropriate Board committee. A request for a waiver of a provision shall be approved by the board or a committee formulated in this regards.

PART G : COMMENCEMENT OF APPLICABILITY

The code of conduct shall come into force from the date of approval from the Board.