



Code of Business Conduct

Acting with Integrity
Around the Clock



Act with integrity.

Be honest.

Follow the law.

Comply with the Code.

Be accountable.



PIDC REGIONAL OFFICE, ISLAMABAD

July 28, 2017

Dear Colleague:

We live in an era when public trust and confidence in business are among the lowest levels in history. We at PIDC are fortunate, however to work for an organization which name is identical to the industrialization of Pakistan, since 1952. We know that at the time of independence the economic condition was critical as there were no industry at all and the agriculture base was also insignificant, unable to cater alone for the funding requirements of the nation. The story of PIDC thus, is the story of the Government of a newly created country, successfully undertaking the daunting task of building up the industrial base of the country virtually from scratch. Proving true to the trust and promise the government reposed in it, PIDC embarked on the gigantic task of bringing up the industrial base from infancy, nay, rather conception to the magnificent edifice as it exists today. So, a reputation that has been enhanced and safeguarded over the years by a rich culture of integrity and ethical conduct.

Our organization is built on this trust and this reputation. It influences how stakeholders feel about our conduct and how shareholders perceive us as investment. We have seen plenty of examples in recent years of powerful corporations/companies with once stalwart reputations tarnished forever by unethical actions of a few people or even just one person. We all know that **“It takes years to build a reputation and only a few seconds to ruin it”**.

Because our success is closely related with our reputation, it’s up ‘to all of us to protect that reputation.

Acting with integrity is about more than our Company’s image and reputation, or avoiding legal issues. It is about sustaining a place where we all are proud to work. Ultimately, it’s about each of us knowing that we have done the right things. This means acting honestly and treating each other’s and our customers, partners, suppliers, shareholders fairly and with dignity.

The Code of Business Conduct is our guide to appropriate conduct. Together with other policy guidelines, we have set standards to ensure that we all do the right thing. Keep the Code with you and refer to it often.

With your help, we are confident that our Organization will continue to deserve that everyone has in us.

Bushra Naz Malik
Chairperson- Board Audit Committee



Code of Business Conduct

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Acting with Integrity

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1. Acting with Integrity Around the Clock

Integrity is fundamental to PIDC. Along with our other values of leadership, passion, accountability, collaboration, diversity and equality it is a pillar of our sustainability vision.

Integrity means doing what is right. By acting with integrity, we reflect positively on the values and reputation of the Company and its services.

We all want to do what is right, for ourselves and for the PIDC. The Code of Business Conduct will help guide us. The Code defines how employees should conduct themselves as representatives of the Corporation. The Code addresses our responsibilities to the Company, to each other, and to customers, suppliers, shareholders and the Government.

We all must follow the law, act with integrity and honesty in all matters, and be accountable for our actions. There shall be zero tolerance for the theft, fraud or dishonest dealing in connection with the business or property of the Corporation, and willful commission against the interest of the Corporation. This may lead to termination by the approval of Competent Authority (Board of Directors/CEO).

1.1 What is Expected of Everyone

Comply with the Code and the Law

Understand the Code. Comply with the Code and the law wherever you are. Use good judgement and avoid even the appearance of improper behavior.

Consider Your Action, and Ask for Guidance

If even in doubt about a course of conduct, ask yourself:

- Is it consistent with the Code?
- Is it ethical?
- Is it legal?
- Will it reflect well on me and the Company?
- Would I want to read about it in the newspaper?

If the answer is “No” to any of these questions, don’t do it.



If you are still uncertain, ask guidance. The Code tries to capture many of the situations that employees will encounter, but cannot address every circumstance. You can seek help from any of the following:

- Your management
- Company legal Counsel or senior finance personnel supporting your business

1.2 What is Expected of Management

Promote a Culture of Ethics and Compliance

Management should at all times model appropriate conduct. As a manager, you should be:

- Ensure that the people you supervise understand their responsibilities under the Code of and other Company Policies.
- Make opportunities to discuss the Code and reinforce the importance of ethics and compliance with the employees.
- Create an environment where people feel comfortable raising concerns without fear of retaliation.
- Consider Conduct in relation to the Code and other Company Policies when evaluating employees.
- Never encourage or direct employees to achieve business results at the expense of ethical conduct or compliance with the Code or the law.
- Always to act to stop violation of the Code or the law by those you supervise.

Respond to Questions and Concerns

If approached with a question or concern related to Code, listen carefully and give the employee your complete attention. Ask for clarification and additional information. Answer any questions if you can, but do not feel that you must give an immediate response. Seek help if you need it. If an employee raises a concern that may require investigation under the Code, contact your company legal counsel or senior finance personnel.



1.3 When Written Approval Is Required

Certain actions referred in the Code -specifically, use of company assets outside of your employment and certain conflict of interest situations-require prior written approval from the Chief Executive Officer (CEO).

If you are in a situation where approval of the CEO is required, you should first contact your line manager, who can help you seek the necessary approval. However, if your line manager refuses or unable to help you, you may then contact the CEO, directly.

It must be noted that for staff, officers, executive and management cadre, written approval of CEO is a must, and in the case of CEO, a written approval from the Board of Directors or its designated Committee.

We Must Follow the Code

The Code of Business Conduct applies to all employees of PIDC and its majority owned subsidiaries. Use of the term PIDC and “the Company/Corporation” throughout this document refers collectively to all these entities.

The Code and the law

Company operations and business processes and company employees are subject to laws of the land. Employees are expected to comply with the Code and all **applicable government** laws, rules and regulations. **If a provision of the Code conflicts with applicable law, the law controls and will prevail accordingly.**



1.4 Raising Concerns

We all have an obligation to uphold the ethical standards of PIDC. If you observe behavior that concerns you, or that may represent a violation of our Code, raise the issue promptly. Doing so will allow the Company an opportunity to deal with the issue and correct it, ideally before it becomes a violation of law or risk to health, security or the Company's reputation.

Resources

You have several options for raising issues and concerns. You can contact any of the following:

- Your management
- Senior finance personnel of PIDC
- Internal Audit Department

Anonymity and Confidentiality

When you make a report to any of the above you may choose to remain anonymous, although you are encouraged to identify yourself to facilitate communication. If you make your identity known, the investigators will take every reasonable precaution to keep your identity confidential, consistent with conducting a thorough and fair investigation. To help maintain confidentiality, avoid discussing these issues, or any investigation, with other employees. Because we strive to maintain strict confidentiality in all investigations, we may not be able to inform you of the outcome of an investigation.

Investigations

The Company takes all reports of possible misconduct seriously. We will investigate the matter confidentially, make a determination whether the Code or the law has been violated, and take appropriate corrective action. If you become involved in a Code investigation, cooperate fully and answer all questions completely and honestly.

No retaliation

The Company values the help of employees who identify potential problems that the Company needs to address. Any retaliation against an employee who raises an issue honestly is a violation of the Code. That an employee has raised a concern honestly, or participated in



an investigation, cannot be the basis for any adverse employment action, including separation, demotion, suspension, loss of benefits, threats, abusive language, harassment or discrimination.

If you work with someone who has raised concern or provided information in an investigation, you should continue to treat the person with courtesy and respect. If you believe someone has retaliated against you, report the matter to the CEO or to the Internal Audit Department.

Any established involvement of an employee in above said type of retaliation will lead to termination with the approval of Board of Directors.

Making False Accusations

The Company will protect any employee who raises a concern honestly, but it is a violation of the Code to knowingly make false accusation, lie to investigators, or interfere or refuse to cooperate with a Code investigation.



2. Integrity in the Company

Acting with integrity begins within PIDC, and includes how we deal with Company records, assets and information.

2.1 Business and Financial Record

Ensure the accuracy of all Company business and financial records. These includes not only financial accounts, but other records such as quality reports, time records, expense report and submission such as benefits claims forms and resumes.

Ensuring accurate and complete business and financial records is everyone's responsibility, not just a role for accounting and financial personnel. Accurate record keeping and reporting reflects on the Company's reputation and credibility, and ensure that the Company meets its legal and regulatory obligation.

- Always record and classify transactions in the proper accounting period and in the appropriate account and cost Centre/department.
- Estimates and accruals must be supported by appropriate documentation and be based on your best judgement.
- Ensure that all reports including financial information by management to the Board/Board Committees are full, fair, accurate, timely and understandable, failure to which may lead to misconduct.
- Ensure that all reports to regulatory authorities are full, fair, accurate, timely and understandable, failure to which may lead to misconduct
- Never falsify any document, **this may lead to termination**
- Falsification of information and or misrepresentation and collusion to that effect will **also lead to initiation of criminal prosecution**
- Do not distort the true nature of any transaction.
- Never enable another person's effort to evade taxes or subvert local currency laws. For this reason, payments generally should be made only to the person or



firm/Company/Organization/Authority that actually provided the goods or services and under any obligation.

Strive for Accuracy

Employees must strive to be accurate when preparing any information for the Company, but honest mistakes occasionally will happen. **Only intentional efforts to misrepresent or improperly record transactions, or otherwise to falsify a Company business record, are Code Violation.**

Examples:

Medical Coverage

An employee attempted to obtain Company medical coverage for his/her adult children by submitting a form claiming that her children were minor and dependents. In fact, they have attained age of majority. **The employee falsified Company records.**

Lease Rental

A payment to local authority or other government agency, without genuine title, with abbreviated letters to withdraw funds. In fact, there have been not such tile of account of the government agency or authority. **The employees falsified Company record will be subject to termination.**

Revenue Recognition

Failure to recover rental income from the tenant, in collusion with the tenants due to self-created litigation issue. This is a serious falsification to deprive company from income.

2.2 Company Assets

Protect the Company's assets, and use those assets in the manner intended

Do not use Company assets for your personal benefits or the benefits of anyone other than the company.



- Use Common sense. For example, the occasional personal call or email from your workplace is acceptable, or call in emergency to family members. Excessive personal calls and emails is a misuse of company assets.
- Company policy may allow additional personal use of certain assets, such as a Company car or laptop.

Theft of Company assets-whether such as unauthorize removal of equipment or information, or theft through embezzlement or intentional misreporting of time or expenses or fraud or collusion with colleagues or outsiders leading to fraud- may result in termination and criminal prosecution. The Company treats workplace theft of assets belonging to other employees the same way it treats theft of Company assets.

Use of Time, Equipment and Other Assets

- Do not engage in personal activities during work hours that interfere with or prevent you from fulfilling your job responsibilities.
- Do not use Company computers and equipment for outside business, or for illegal or unethical activities such as gambling, pornography or other offensive subject matter.
- Do not take for yourself any opportunity for financial gain that you learn about because of your position at the Company, or through the use of Company property or information.

Examples of Company Assets

- **Company money**
- **Company research materials**
- **Employees 'time at work**
- **Computer system and software**
- **Telephones**
- **Wireless communication devices**
- **Photocopies**
- **Tickets to concerts or sporting events**
- **Company vehicles**
- **Proprietary information**



Loans and advances

Loan from Company to executive and management officers are prohibited.

Examples

A Personal Favor

An employee used Company computers and equipment, as well as time at work, to design and print wedding invitations and birthday announcements as a favor for other employees. The employee misused Company assets.

Personal Assistance

A manager persistently asked an administrative assistant to take care of the managers personal business on Company time, such as picking up dry cleaning, balancing a personal check book and shopping for personal gifts. The manager misused the assistant's work time, which is a Company asset.

2.3 Use of information

Safeguard the Company's non-public information, which includes everything from contracts and pricing information to marketing plans, technical specifications and employee information.

Nonpublic information

Do not disclose non-public information to any outside the Company, including to family and friends, except when disclosure is required for business purposes. Even then, take appropriate steps, such as execution of a confidentiality agreement, to prevent misuse of the information.

Do not disclose nonpublic information to others inside the Company unless they have a business reason to know.

Employees are obligated to protect the Company's nonpublic information at all times, including outside of the workplace and working hours, even after employment ends.



What is nonpublic information?

It is an information that the Company has not disclosed or made generally available to the public. Examples information related to:

- Employees
- Contracts
- Strategic and business plans
- Merger and acquisitions
- Technical specification
- Inventions
- Confidential financial data

Examples

Look what I have

Q: I have just received by accident an email with file containing the salaries of several employees. May I share it with other people at work?

A: No. you and your friends at work/colleagues have no business reason to have this information. You should delete the email and bring the error to the sender's attention. Disclosing the information to others employees is a Code violation.

Insider Trading

Trading in stocks or securities based on material nonpublic information, or providing material nonpublic information to others so that they may trade, is illegal and may result in criminal prosecution.

Privacy

The Company respects the privacy of all its employees, business partners. We must handle personal data responsibly and in compliance with all applicable privacy laws. Employees who handle the personal of others must:



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- Act in accordance with the applicable law;
 - Act in accordance with any relevant contractual obligations;
 - Collect, use and process such information only for legitimate business purposes;
 - Limit access to the information to those who have a legitimate business purpose for seeing the information; and
 - Take care to prevent unauthorized disclosure.



Conflicts of Interest

This section of the Code provides rules for some common conflicts of interest situations. The Code cannot address every potential conflict of interest, so use your conscience and common sense. When you are unsure, seek guidance.

Outside Investments

Outside employments, Speeches & Presentations

Outside Service as Officer or Director

Relatives and Friends

Gifts, Meals and Entertainment



3. Conflicts of Interest

Act in the best interest of PIDC, while performing your job for the Company. A conflict of interest arises when your personal activities and relationships interfere, or appear to interfere, with your ability to act in the best interest of the Company.

Take particular care if you are responsible for selecting or dealing with a supplier on behalf of the Company. Your personal interests and relationships must not interfere, or appear to interfere with your ability to make decisions in the best interest of the Company. When selecting suppliers, always follow applicable procurement guidelines.

3.1 Outside Investments

Avoid investments that could affect, or appear to affect, your decision making on behalf of the Company. In any potential conflict of interest situation, ask yourself:

- Could my personal interests interfere with those of the Company?
- Might it appear that way to others, either inside or outside of the Company?

When unsure seek guidance.

3.2 Outside Employment, Speeches, and Presentations

In general, you are not allowed to have outside employment, or otherwise provide services for or receive payment from, any customer. Client, suppliers. However, in exceptional circumstances and on the grounds to be recorded, as long as your outside employment does not interfere with your ability to do your job with PIDC, with the approval and direction of BOD, as required by law, you may be engaged for outside employment.

In case of Speeches and Presentations, prior written approval of the CEO is required if:

- You are giving the speech or presentation as part of your job with the Company;
- The speech or presentation describes your work with the Company; or
- You are formally identified at the speech or presentation as an employee of the Company.



3.3 Outside Service as an Officer or Director

In general, you are not allowed as an officer or member of the Board of directors of any other subsidiary of PIDC, as long as your responsibility as officer or director of subsidiary may interfere with your ability to do your job with PIDC.

However, if the Board of directors of PIDC consider it diligently that the assignment of above position will result better performance keeping in view the professional qualification and skills, necessary for the job, you may be assigned such a role and the decision of the Board of directors shall be final. However, you will not be entitled to any remuneration in that respect, except per diem as decided by the Board of PIDC.

3.4 Relatives and Friends

You may have relatives and friends who are employed by the suppliers and clients. If deal with such suppliers, customers and clients, take care to ensure that your relationship and friendship does not affect, or appear to affect, your ability to act in the best interest of the Company. If you are uncertain whether your relationship and friendship may create an issue, consult your line manager.

In addition, personal relationship at work must not influence your ability to act in the best interest of the Company, and must not affect any employment relationship. Employment-related decisions should be based on qualifications, performance, skills and experience and Compliance with the law, and Code.

Who Is My “Relative” Under the Code?

A spouse, parent, sibling, grandparent, child, grandchild, mother-or father in law.
Also included is any family member who lives with you or otherwise

3.5 Gifts, Meals and Entertainment for customers and suppliers

If you are offered gifts, meal and other entrainment, except diaries and calendar, planners, politely decline and explain the Company Rules. Normal gifts, initiation and hospitality based on custom and business protocol is allowed, but the test to be applied is it is reasonable, justifiable and proportionate and duly approved by CEO.



Integrity in dealing with others

The PIDC Company external relationship is critical to our success. So, we must deal fairly and lawfully with everyone we encounter.

Dealing with Governments

Dealing with customers, suppliers and Consumers



4. Integrity in Dealing with Others

4.1 Dealing with Governments

Keeping in view the nature of our business often require that we interact with officials of the government. Transactions with the government are covered by special legal rules, and are not the same as conducting business with private parties. Consult Company legal counsel to be certain that you are aware of, understand and abide by these rules.

In general, do not offer anything to government official-directly or indirectly- in return for favorable treatment. **You must obtain prior approval from Company Legal Counsel before providing anything of value to a government official.** Ensure that any such payments are properly recorded in the appropriate Company accounts.

- a. **Anti-Bribery**-Bribery is a criminal offence under law of the land. The sanctions for violating these laws can be severe including significant individual and corporate fines and even imprisonment.
- b. Applicable Corruption Laws prohibit companies and their employees and representatives from giving, promising, offering, or authorizing payment of anything of value to any government official in order to obtain or keep business or to secure some other improper advantage. In essence, these laws prohibit the giving of anything of value to influence a government official's actions. Prohibited payments include, but are not limited to, those designed to:
 - Induce the recipient to award a contract to the Company;
 - Obtain advantageous tax or customs treatment that would not otherwise be available to the Company; or
 - Circumvent or cause non-enforcement of laws or regulations applicable to the Company
- c. **Bribes are Prohibited**

A bribe is giving or offering to give anything of value to a government official to influence a discretionary decision. Examples of bribes include payment to a government official to encourage a decision to award or continue business relations, to influence the outcome of a government audit or inspection, or to influence tax or other legislation. Other payments to government officials also may constitute bribes in some jurisdictions. Consult Company legal counsel regarding local antibribery laws



“Anything of Value”

This phrase literally means anything that might have value to a government official, including cash, gifts, meals, entertainment, business opportunities, Company product, offers of employment and more. There is no monetary threshold; any amount could be construed as a bribe

As the Prevention of Corruption Act, 1947 applies to all citizens of Pakistan and persons in the service of Government, therefore it prohibits the bribes by any person to government officials.

Similarly NAB Ordinance 1999 also prohibits corruption and corrupt practices, misuse and abuse of power, commission, kickbacks, misappropriation.

d. Improper payments by Third Parties

The Company and/or its employees may be held responsible for bribes paid by third parties agents or consultant acting on the Company behalf. Take particular care when evaluating a prospective third party who might interact with the government of behalf of the Company. You must not engage a third-party agent or consultant if there is reason to believe that the agent or consultant may attempt to bribe a government official. Also ensure that all agents and consultants agree to abide by the PIDC Code of Business Conduct (Anti bribery section).

Facilitating Payments

Facilitating payments, which are small sums paid to government officials to expedite or facilitate non-discretionary actions or services, such as obtaining an ordinary license or phone service, are prohibited. If you routinely have made facilitating payments to government officials or encounter a situation that you believe may require a facilitating payment, contact Company legal counsel immediately.

Examples

A Sign of Goodwill

Q: A public health inspector has arrived at a Company manufacturing plant. May I present a case of product to the inspector as a sign of good will?

A: No. You should never give anything of value to a government official without prior approval from Company legal counsel. Legal counsel would advise you that giving the



product, or anything else of value, to the health inspector under these circumstances could be perceived as a bribe intended to influence the inspector's review of the facility.

Increase in Commission

Q: A consultant the Company uses to assist with government relations recently asked us for a large increase in commission. I suspect the consultant may intend to pass this money on to local officials. What should I do?

A: Report your suspicion to the Company legal counsel at once. No such payments should be made to the consultants until the Company has investigated your concerns.

4.2 Dealing with Customers, Suppliers and Clients

The Company values its partnership with customers, suppliers and clients. Treat these partners in the same manner we expect to be treated.

Always deal fairly with customers, suppliers and clients, treating them honestly and with respect:

- Do not engage in unfair, deceptive or misleading practices
- Always present Company matters in an honest and forthright manner
- Do not offer, promise or provide anything to a customer or supplier in exchange for an inappropriate advantage for the Company.

We expect that our suppliers will take no action contrary to the principles of our Code. Accordingly, the owner of each supplier relationship should ensure that adherence to the Code of Business Conduct for Suppliers to The PIDC Company is a condition of the supplier agreement.



5. Administration of the Code

The Code of Business Conduct (COBC) is designed to ensure consistency in how employees conduct themselves within the Company, and in their dealing with outside of the Company. The Procedure for handling potential violations of the Code have been developed to ensure consistency in the process across the organization.

a. Responsibility

The responsibility for administrating the Code rests with the Management (CFO, GM Law and GM HR), with oversight by Chief Internal Auditor, Chief Executive Officer and Board Audit Committee (BAC).

b. Investigation of Potential Code Violations

The Company takes all reports of potential Code Violations seriously and is committed to confidentiality and a full investigation of all allegations. The Company's Internal Audit department may conduct or manage Code investigation-upon written approval of Board Audit Committee (BAC). Employees who are being investigated for a potential Code Violation will have an opportunity to be heard prior to any final determination.

c. Decisions

Based on investigation as mentioned in clause b above of this section of Administration of Code, those found to have violated the Code of Business Conduct may be subject to disciplinary action which may lead to termination of employment.

d. Disciplinary Actions

The Company strives to impose discipline that fits the nature and circumstances of each Code Violation. **Violation of serious nature may result in suspension without pay, loss or reduction of merit increase/demotion, or termination of employment. It should be noted that in case of fraud, misrepresentation, Corruption and Bribery will be termed as serious violation and will lead to termination of employment.**