

**CODE OF CONDUCT**  
**FOR BOARD OF DIRECTORS AND EMPLOYEES**

**INTRODUCTION**

K-Electric Limited (formerly known as Karachi Electric Supply Company Limited - KESC) (**KE or Company**) expects and requires its board of directors (**board member or board members**’, as the case may be) and all its employees, including executive level employees and subordinate level employees, to observe the highest levels of ethical standards and integrity in the conduct of its business activities.

This Code of Conduct (**Code**) is intended to assist KE board members and employees in meeting the standards of professional and personal integrity expected and required of them and compliance with the Code is mandatory for all KE board members and employees and will be deemed to form part of the employment contracts / terms of appointment for all board members / employees of the Company as a specific condition thereof. KE board members and employees will act with honesty and integrity at all times, to protect and safeguard the reputation of the Company and to ensure that no morally questionable means and/or methods are used to achieve any personal objectives and/or the objectives of the Company. Contravention of this Code will be regarded as misconduct and may form the basis for termination of the board member / employees association with the Company.

**KE’s OBLIGATIONS**

KE will ensure that, through this Code, and through other means of communication, that all its board members and employees are aware of the required standards, rules and regulations. This Code itself is available at the Company’s official website at [www.ke.com.pk](http://www.ke.com.pk).

**SPECIFIC GUIDELINES**

The following specific guidelines are prescribed for KE board members / employees:

**1. Conflict of Interest**

**“You must be alert to any situation that could compromise the position of trust you hold as a KE Board Member / Employee, and avoid any kind of conflict between your personal interests and those of KE.”**

Each board member / employee has a primary responsibility to the Company and is expected to avoid any activity that could interfere with that responsibility. Board members / employees should not engage in activities or transactions which may give rise to, or which may be seen to be giving rise to, any conflict between their personal interests and the interests of the Company. Such a conflict could arise in a number of ways and in a number of situations and may have to be individually assessed by the board member / employee in each individual scenario. The following paragraphs however outline some specifically forbidden situations. This list is, however, not exhaustive and any other situation and/or circumstance that could reasonable be a cause for a conflict of interest or a potential conflict of interest

will be deemed to be included within the list of situations to be avoided completely by the board member / employee. In case of any doubt, the advice of the Management should be sought.

- (i) KE purchases equipment, material and services for various aspects of its operations. KE board members / employee members are forbidden from holding any financial interest or any other form of interest, directly or indirectly, in any organization or entity supplying goods or services to the Company or to personally gain, directly or indirectly through any family member, relative and/or friend, in any form or manner whatsoever, from the purchase of any such equipment, material and/or service for the Company;
- (ii) KE board members / employees are to take particular care in dealing with KE consumers with regard to billing, recovery, disconnection, reconnection, correction of bills and sanctioning payment in instalments and will not take any position that may be considered as being morally questionable or in furtherance of any personal gain, directly or indirectly through any family member, relative and/or friend, in any form or manner whatsoever;
- (iii) KE board members / employees should not participate in any activity that competes, directly or indirectly, with the Company and/or its objectives;
- (iv) KE board members / employees should not engage in any business or activity (internal or external) that might interfere with their duties and responsibilities to the Company or otherwise have any negative effect on or impair the ability of the board member / employee to perform and carry out its duties and responsibilities to the best of his/her abilities;
- (v) No board member / employee should sell, lease or buy equipment, material or services to or from the Company except as may be necessary in the normal course of his/her duties as a board member / employee and without full and frank disclosure to the Management of the Company;
- (vi) Board members / employees are not permitted to conduct personal business activities on the Company's premises or to use Company facilities for such purpose;
- (vii) If a board member / employee has any direct or indirect interest or family connections with an external organization that has business dealings with KE, details of such connections and interests should be fully disclosed to the Management at the earliest possible instance. Failure to notify the Management of any such interest and/or connection in a timely manner will be considered to be a breach of this Code;
- (viii) All board members / employees should disclose to the Management details in respect of any relationship(s) with other board member(s) / employee(s);
- (ix) Board members / employees shall not perform any act or get involved in any situation that potentially could conflict with the principles outlined above; and
- (x) Any Board member / employee either on his/her own behalf or on behalf of any other person shall not deal in shares of the Company on the basis of any unpublished price sensitive information as specified under Listed Companies (Prohibition on Insider Trading) Guidelines 2001 or any other relevant and applicable laws in this respect and the board members /

employees shall also disclose their shareholding and sale / purchase of Company's share as required pursuant to Code of Corporate Governance (CCG).

## 2. Confidentiality

**"You must protect confidential information and trade secrets, and prevent such information from being improperly disclosed to others inside or outside KE."**

Board members / employees should not keep or make copies of correspondence, documents, papers and records, list of clients or customers (whether in hard or electronic form) without the consent of the Company and all such information should be surrendered to the Company upon the termination or expiry of the association of the relevant board member / employee with the Company. Company information and records should be kept on Company premises only and unpublished information may be disclosed to external organizations/individuals only on a "need to know" basis. In case of doubt in this regard, the Management's advice should be sought.

## 3. Contributions

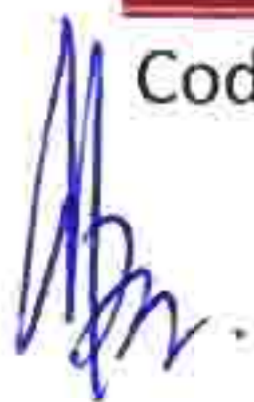
**"You may not use your position to coerce or pressure employees to make contributions or support candidates or political causes."**

No funds or assets of the Company should be contributed directly or indirectly, to any political party or organization or to any individual who either holds public office or is a candidate for public office.

## 4. Inducement Payments

**"You must refrain from bringing in outside pressure or influence to attain personal gains within the organization."**

- (i) Board members / employees should not give or receive payments that are intended to influence a business decision or to compromise an independent judgment; nor should any board member / employee receive money for having given Company business to an outside agency. Board members / employees will under no circumstance accept any remuneration and/or benefit of any kind whatsoever from anyone other than the Company to fulfil its duties and responsibilities as a board member / employee of the Company.
- (ii) A board member, supervisor or manager shall neither ask for nor receive any payment or any personal benefit (material or non-material) from a prospective or present employee in exchange for a favourable decision regarding employment, promotion, increased salary, reassignment, or termination.
- (iii) A board member / employee shall neither ask for nor receive money or any personal benefit (material or non-material) from a supplier or contractor in exchange for an order for goods or services.
- (iv) A board member / employee shall not falsify nor alter any record of any transaction for the purpose of concealing the theft of electricity or materials, or the embezzlement of money by him or others. A board member / employee shall not intentionally take any action that could



facilitate the theft of electric power by any consumer of the Company or that may result in the failure to recover any outstanding dues from any consumer of the Company. Each such instance will be considered as theft of money from the Company and shall result in immediate dismissal.

- (v) Payment of any nature to government officials to induce them to perform their duties is strictly prohibited.

#### **5. Proper Recording of Funds, Assets, Receipts and Disbursements**

**“You must report transactions accurately, completely and in appropriate detail if you are involved in supplying any kind of supporting documentation, determining account classification or approving transactions ensuring that the accounting and financial records of the Company meet the highest standards of accuracy and completeness.”**

- (i) All funds, assets, receipts and disbursements should be properly recorded in the books of the Company. In particular, no funds or accounts should be established or maintained for purposes that are not fully and accurately reflected in the books and records of the Company.
- (ii) A transaction should only be entered into by the “authorized personnel” of KE after obtaining requisite approvals, if any.
- (iii) Funds and assets received or disbursed should be fully and accurately reflected in the books and the records of the Company.
- (iv) No false or fictitious entries should be made or misleading reports pertaining to the Company or its operations should be issued.

#### **6. Agreements with Agents, Consultants, Sales Representatives or Suppliers**

- (i) All agreements with agents, consultants, service providers and/or any other party should state clearly the responsibilities and duties of the Company to be performed under such agreement, the amount to be paid, and all other relevant terms and conditions. All payments and transactions should be supported by documentary evidence.
- (ii) A supplier or contractor who makes payment to a KE board member / employee shall be excluded from any future business with KE. If a supplier makes such an offer, this shall be reported to the remaining members of the board and/or the employee’s supervisor (as applicable), who shall then warn the supplier or contractor in writing that such practices are considered unethical and jeopardize the supplier’s future relations with KE. Any such amounts and/or payments received by any KE board member / employee will be deemed to have been received for and on behalf of the Company and will be paid to the Company immediately. Failure to do the same will be a breach of this Code.



7. **Relationships and Dealings with Government Officials, Media, Suppliers, Agents, Customers Consultants, Intermediaries and Other Parties**

- (i) KE's relationships and dealings with Government officials, external agencies, parties, and individuals should, at all times, be such that KE's integrity and its reputation would not be damaged if details of the relationship or dealings were to become public knowledge.
- (ii) A board member / employee shall neither ask for nor receive payment or any personal benefit (material or non-material) from any customer or prospective customer for a favourable decision regarding terms and conditions for extension of new or expanded services.
- (iii) It is the responsibility of each KE board member / employee to exercise good judgment so as to act in a manner that will reflect favourably on the Company and the individual. Board members / employees should only make statements to the media, speeches in public forums, or publish articles in newspapers with prior authorization of Management in the form and manner authorized by the Management. In a personal capacity also, due care should be taken while discussing the Company's performance or plans with outsiders. Board members / employees having questions on how to comply with this requirement should consult with the Management.

8. **Health and Safety.**

**"You must comply with all applicable laws and KE policies relating to safety, health and the environment"**

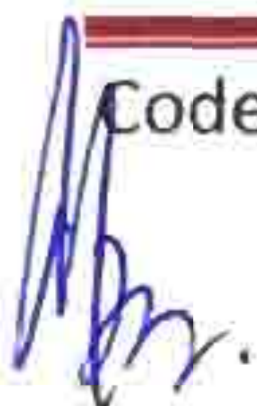
Every board member / employee member should take reasonable care to ensure the health and safety of himself / herself and others who may be affected by his/her acts or omissions while performing his/her duties as a board member / employee of the Company. Board members / employees should not tamper with or misuse any item provided by the Company to secure the safety, health and welfare of its employees and for the protection of the environment.

Furthermore, every employee member is to strictly observe safety rules notified by Management from time to time, especially by employees working at generating plants, grid stations, sub-stations, HT & LT cables.

9. **Environment.**

To preserve and protect the environment, all KE board members / employees should:

- (i) Design and operate the Company's facilities and processes so as to ensure the trust of adjoining communities;
- (ii) Promote resource conservation, waste minimization and the minimization of the release of chemicals / gas into the environment;
- (iii) Provide board members / employees, customers, suppliers, public authorities and communities with appropriate information for informed decision-making; and
- (iv) Strive continuously to improve environmental awareness and protection.



**10. Alcohol, Drugs, Gambling and Smoking**

- (i) The use of alcohol in any form is prohibited on all Company locations/premises. Similarly, the use of drugs, except under medical advice, is prohibited on all Company locations / premises.
- (ii) Any board member / employee arriving at a work place under the influence of alcohol or drugs will not be permitted to enter the premises and will be liable to appropriate disciplinary action.
- (iii) All forms of gambling / betting on the Company's premises are forbidden. Furthermore, smoking and offering of cigarettes is strictly prohibited in all offices of KE.

**11. Receiving Gifts.**

**“You must not solicit, accept or give gifts that may influence business decisions.”**

No board member / employee shall seek, accept or permit himself / herself or any member of his/her family to accept any gift or favour, the receipt of which will place him/her under any form of official obligation to the donor. As part of building relationship with customers, suppliers, board members / employees may receive occasional gifts, provided that the gift is of nominal value (e.g. pens, notepads, calendars, diaries, key chains or such promotional material) and the gift is neither intended nor perceived by others to be intended to improperly influence business decisions. In the event of any questions regarding the appropriateness of any gift, the concerned board member / employee shall consult the Management.

Occasionally, there may be times when refusing a substantial gift would be impractical or embarrassing. In those rare instances such gift should be handed over to Management for suitable disposal.

**12. Work Place Harassment.**

**“You must support the KE’s commitment to diversity and equal employment opportunity. You also are expected to create a work environment free from intimidation and harassment.”**

KE board members / employee will maintain an environment that is free from harassment of any kind and in which all board members / employees are equally respected. Workplace harassment is defined as any action that creates an intimidating, hostile or offensive work environment. Such actions include, but are not limited to, sexual harassment, disparaging comments based on gender, religion, race or ethnicity.

**13. Treatment of Fellow Employees**

**“You must treat colleagues, employees and others with whom you interact with respect and dignity.”**

Treating all board members / employees and others in the workplace with respect and dignity is part of KE's values that applies to each and every individual associated with the Company. This is particularly important for leaders, who must be role models for their direct reports. Board members / employees are expected to treat their colleagues, including those whom they manage, fairly and with utmost respect and as they would be themselves be expected to be treated. KE expects leaders to seek out the



ideas of employees and to involve them in decisions whenever appropriate. At the same time, once a decision is made, everyone involved is expected to pull together and support it notwithstanding whether such individual was originally supportive of such decision or not.

**14. Other Acts of Misconduct:**

It is not possible to list all the forms of behaviours that are considered as misconduct or unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment:

- (i) Theft, fraud, dishonesty with business or property of KE or any other organization / any person inside or outside the KE or inappropriate removal or possession of property;
- (ii) Falsification of employment documents / data to obtain employment;
- (iii) Tampering with office records;
- (iv) Habitual negligence or improper conduct leading to damage of KE property or otherwise or damage to the reputation of KE;
- (v) Conviction for a criminal offence within or outside the office;
- (vi) Violation of safety or health rules of the Company;
- (vii) Smoking in prohibited areas, Illegal strike or go slow tactics.
- (viii) Misuse of Official Stamps / Letterheads / Telephones / Computers & other item's, wilful insubordination or disobedience whether alone or in combination with others, to any lawful and reasonable orders of a superior;
- (ix) Wilful damage to cars or employers goods or property;
- (x) Taking of bribes or any illegal gratification;
- (xi) Habitual absence without leave or absence without leave for more than ten (10) days;
- (xii) Habitual late attendance;
- (xiii) Habitual breach of any law applicable to KE;
- (xiv) Riotous or disorderly behaviour during working hours at the Company's premises or any other place where the board member / employee is performing its duties on behalf of the Company;
- (xv) Performing any action that knowingly or artificially reduces the amount of payment due from any customer of the Company (meter tampering, illegal line, fake /incorrect billing) parking or artificially reduces the amount to be paid to KE (court claim, terms and conditions of contracts); and

(xvi) Any act or subversion of discipline.

The above list is not an exhaustive list of actions that may amount to any misconduct on the part of any board member / employee of the Company and the Company shall, at its sole discretion, determine what act or omission constitutes misconduct, breach of trust or negligence of duty.

### **COMPLIANCE WITH THE CODE**

You must read, understand and comply/abide with the Code (including any amendments thereto from time to time) at all times during your association with the Board/Company. If you have any questions, you are responsible for asking your immediate manager/supervisor or any other member of the Company's Management for clarification.

If you believe that you have violated the Code or any applicable law or regulation, you must report the violation so that the KE can take appropriate action. The fact that you have reported the violation will be given consideration in determining appropriate disciplinary action, if any. In many cases, a prompt report of a violation can substantially reduce the adverse consequences of a violation for all involved - third parties, KE and you.

If you become aware that another board member / employee, at any level of seniority, has, in all likelihood, violated the Code, including any law or regulation applicable to KE's businesses, you have a duty to report that violation so that KE can take steps to rectify the problem and prevent a recurrence. Failure to report any irregularity or violation may be considered as aiding, abetting and supporting such irregularity or violation.

You should report actual or suspected violations to your immediate manager/supervisor, your Human Resources representative, your compliance officer or the Internal Auditor. Such reports will be treated confidentially to the extent possible, and you will not be subject to retaliation for reporting a suspected violation in good faith.

### **DISCIPLINARY ACTION**

If you fail to comply with the Code or any applicable law or regulation, you will be subject to disciplinary action that may include dismissal.

Disciplinary measures will depend on the circumstances of the violation and will be applied in a manner consistent with the KE's policies. Disciplinary action will be taken against any board member / employee:

- (i) Who authorizes, directs, approves or participates in violations of the Code;
- (ii) Who deliberately fails to report, or conceals, violations of the Code, or deliberately withholds or misstates relevant information concerning a violation of the Code;
- (iii) Who retaliates, directly or indirectly, against any other employee because of a report by that employee of a suspected Code violation;
- (iv) Who encourages others to do any of the above; and





- (v) Who, under the circumstances, should have known about a violation by people under his or her supervision, or who did not act promptly to report and correct a violation.

Disciplinary action would include extending an opportunity of hearing in the form of charge sheet and in the case of unsatisfactory reply, holding of a domestic enquiry. Only if the charges are proved after the enquiry the punishment of dismissal shall be imposed.

**RESPONSIBILITIES AFTER LEAVING KE**

A board member / employee must not use their position to advance their prospects for future employment, or allow their work to be influenced by plans for or offers of, external employment which would conflict or compromise in any way the best interests of the KE.

Your professional duty while being associated/employed with/by the KE was to maintain confidentiality; therefore, you must maintain the same professionalism and secrecy after leaving the Board/employment of the KE by not disclosing any official information. Former employees should not use or take advantage of personal, confidential or official information; they may have obtained in their capacity as a KE employee.



**ACKNOWLEDGEMENT FORM**

I have received and read the KE's Code of Conduct and I understand its contents. I agree at all material times to fully comply with the same as well as standards, policies and procedures contained in the Code and KE's related policies and procedures and/or any amendments thereto which may be made by KE from time to time. I understand that I have an obligation to report to the Company any suspected violations of the Code that I am aware of. I acknowledge that the Code is a statement of polices for business principles and does not, in any way, constitute an employment contract or an assurance of continued employment.

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
KE Department

