

ANNEX - B



CODE OF CONDUCT

**BOARD MEMBERS, SENIOR MANAGEMENT
AND OTHER EMPLOYEES**

Last Amended: June 08, 2020
Adopted by the Board: June 08, 2020

1. PREAMBLE

Subject to Public Sector Companies (Corporate Governance) Rules 2013 and applicable relevant law on the subject in force explicitly adopted by the HESCO Board from time to time and to ensure code of conduct harmonious with Corporate Governance as enunciated in relevant laws and rules thereunder, for the Board of Directors, Senior Management, and all employees of Hyderabad Electric Supply Company Limited (the “Company” or “HESCO”) and inconsequent to the requirement of Rule 5 (4) of the Public Sector Companies (Corporate Governance) Rules, 2013 (the “Rules”) the HESCO Board has unanimously approved this Code.

2. PURPOSE AND OBJECTIVE OF THIS CODE

The purpose of this Code is to ensure integrity, transparency, legitimate, statutory and regulatory compliance in the management of the Company with a view to reinforces confidence and trust reposed on the Management by the shareholders and general public as a consumer. This Code, therefore, establishes the standards for professional conduct and fosters the core values, whereby the image and reputation of the Company are enhanced and produce a corporate culture of the highest standard. It requires the Board members, Senior Management, and all employees to act with the highest professional manner by:

- Acting legally, ethically and with honesty.
- Putting the Company's interests above personal in official conduct.
- Promoting and ensuring compliance with all applicable laws, rules, and regulations.

3. IMPORTANT REQUIREMENTS

The Board of the Company is overseeing entity and Management of the Company is required to be run by the Senior Management Personnel and the employees of the company on day to day basis and any other person who

comes into the contact with the management for official business, it is required to act keeping the best interests of the Company in view and observe the following:

- i) Shall act with the utmost care, skill and diligence concerning all official working for the Company.
- ii) Shall act in utmost good faith and adopt highest standards of personal and professional integrity, fairness, honesty, probity and ethical conduct and fulfil the fiduciary obligations as per law/rules etc., without allowing independence of judgment to be subordinated or compromised in any manner whatsoever;
- iii) Shall abstain from having any personal and/or financial interest in any business dealings concerning the Company.
- iv) Shall not hold any position or job or engage in outside business or other interest that is deleterious in any manner whatsoever, to the interests of the Company or that adversely affects the performance, duties with the company.
- v) Shall be accountable to the stakeholders i.e. shareholders, customers and Government etc. in the discharge of the duties of the Company.
- vi) Shall act in a socially responsible manner, within the applicable laws, rules and regulations, customs and traditions of the geographical areas in which the Company operates.
- vii) Shall act following and keeping in mind the Vision, Mission and Values of the Company.
- viii) To promote awareness for safety and the protection of human life/property and environment.

- ix) Shall exercise responsibilities in a bona fide manner in the interest of the Company and act objectively and constructively while exercising their duties.
- x) Shall not abuse their position to the impairment of the Company or to gain direct or indirect personal advantage or advantage for any other person, whether known or unknown:
- xi) Shall assist the Company with complete sincerity of the purpose in implementing the best corporate governance practices.
- xii) Shall become and remain familiar with the Company's business and the economic and competitive environment in which the Company operates and strategies and objectives.
- xiii) Shall immediately bring to the notice of the Board about any unscrupulous behaviour, authentic or suspected fraud or violation of the company's code of conduct or ethics policy.
- xiv) Similarly, the conduct of the Board Member shall agree with that of SECP rules and any other law and rules time being in force on the subject. It is further required to be in the best interest of the company and not in any way detrimental/prejudicial to the interest of the company.

4. PROTECTION OF ASSETS

The Directors by overseeing the company as a policy-making body and Senior Management along with the employees of the Company shall seek to protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gains and ensure that the Company's assets and services are used solely for legitimate business purposes of the Company.

5. LEGAL COMPLIANCE

The Board Members and Senior Management Personnel and the employees shall adhere to comply with all laws, rules and regulations as applicable including those relating to the business of the Company.

6. CONFLICT OF INTEREST

Board Members, Senior Management and employees of the Company shall not involve in taking any decision on a subject matter in which a conflict of interest arises or which in his/her opinion is likely to arise and shall make disclosures to the competent authority relating to all material financial and commercial transactions, if any, where they or any of their relatives have a personal interest that may have a potential conflict with the interest of the company at large.

7. CONFIDENTIALITY

Every Board Member, Senior Management and the employee shall maintain confidentiality vis-à-vis any information or document to which they have access, or which are in their possession, concerning the Company's business declared as such by the Company.

No Board Member, Senior Management, and employees shall provide any information either formally or informally, to the press or any other media or individual, unless

- i. authorized or required to be disclosed in the light of the decision of the Board or any of its Sub-Committees; or
- ii. Required to be disclosed under applicable laws, rules, regulations, guidelines, or directions from the Ministry of Energy (Power Division).

No outgoing employee shall keep or make copies of correspondence, documents, papers and record, 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.

8. RELATED PARTY TRANSACTIONS

The Senior Management and employees shall disclose related party transactions to the Board of Directors through the Audit & Finance Committee of the Board for review and approval.

9. ENFORCEMENT AND COMPLIANCE OF THE CODE OF CONDUCT

CEO of the Company shall be the Compliance Officer for this Code, who shall report the breach to the Board of Directors of the Company, of this Code, if any, which comes to his notice either by written application or he noticed while managing his official business.

The Company shall ensure confidentiality and protection to any person who has, in good faith, reported a violation or as a suspected violation of this Code or other Company policies, or against any person who is assisting in any investigation or process concerning such a violation.

10. ACTION ON NON-COMPLIANCE OF THIS CODE

In case of breach of this Code by the Directors of the Board, the same shall be dealt by an authorized entity under the Public Sector Companies (Corporate Governance) Rules 2013 amended from time to time and other relevant Rules as prescribed by the Securities and Exchange Commission of Pakistan (SECP).

In case of breach of this Code by the Senior Management, and employees of the company action shall be taken per the Conduct Rules and the E & D Rules of the Company by the Board.

11. AMENDMENTS TO THE CODE

The provisions of this Code will be reviewed by the Board and can be

amended/ modified by the Board of the Company from time to time.

In case of any ambiguity regarding the implementation of any of the provisions of this policy, powers to interpret and clarify rest with the Board of Directors which may issue such clarification either through Secretary Board HESCO or Chief Executive Officer HESCO.