

CONFLICT OF INTEREST POLICY

1. SCOPE

This Policy applies to all the employees, Board members, Chief Internal Auditor, Finance Director, all Chief Engineers and Company Secretary (**the "Associates"**) of Peshawar Electric Supply Company Ltd (the "PESCO").

2. PURPOSE

The employee and Associate personal interests should never influence their business judgment or decision-making on behalf of PESCO. PESCO fully respects their private life but expects associate to avoid situations that could conflict between their interests and the company. This Policy provides rules on how to prevent and handle such conflicts.

3. DECLARATION

The Associates declare that they shall not offer or accept any payment, bribe, favour or inducement which might influence, or appear to influence, their decisions and actions.

4. DISCLOSURE

The employees and the associates' shall ensure complete disclosure in the following cases:

- a) All actual and potential conflicts of interests shall be disclosed by the employee and an Associate through the prescribed disclosure form at the time of their nomination/ appointment/ transfer (as the case may be) and subsequently, whenever the change occurs in the disclosed interest.
- b) Accordingly, all completed annual forms shall be forwarded to the Company Secretary and included in the "interest register."
- c) An Associate or employee who has a direct or indirect conflict of interest shall make detailed disclosure of his conflicting interest. He should recuse himself from BOD or Committee meetings when such issues are discussed and decided.
- d) Disinterested members of the PESCO BOD shall determine whether a prohibited conflict exists and how to resolve it. The BOD also can refer such issues to the Chief Law Officer for compliance and resolution.
- e) Disclosure and, if applicable, approval is always required before engaging in the conduct in question.

Any material changes to the disclosed/approved conflicts shall also be subject to renewed disclosure/approval. Before the inception of the committee/BOD meeting, the Associate and

an employee shall disclose the existing/potential interest concerning agenda items and shall document it in the meeting minutes

5. WHAT CONSTITUTES A CONFLICT OF INTEREST?

- a) A conflict of interest occurs when an Associate's or employee's interest conflicts with the company's interest. For example, U/ Khyber Pakhtunkhwa Conflict of Interest Act 2016, conflict of interest means "the unlawful financial benefit accruing to the public office holder or his family due to his official position.
- b) In PESCO, a person shall be deemed to have an interest in a matter if they have any stake, financial or otherwise, in such matter which could reasonably give rise to a conflict between his duty to objectively perform his functions under these rules so that his ability to consider and decide any matter impartially or to provide any advice without bias, may reasonably be regarded as impaired; where a director, executive or other employee has a conflict of interest in a particular matter, such person shall play no part in the relevant discussion, decision or action;
- c) All conflicts of interest are not necessarily prohibited or harmful to PESCO. However, full disclosure of all actual and potential conflicts and a determination by the disinterested Board members—with the interested Board member(s) recused from participating in debates and voting on the matter – are required.
- d) An Associate shall be deemed interested or concerned if any of their relatives, as defined in the Explanation to sub-section (1) of Section 205 of Companies Act, 2017, is so interested or concerned, i.e. spouse and minor children.

6. INTERESTED DIRECTORS NOT TO PARTICIPATE OR VOTE IN PROCEEDINGS OF DIRECTORS

The Director who has a conflict of interest shall not discuss or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of PESCO. The vote of a director who has a conflict of interest will not count to form a quorum at the time of discussion on this same topic.

7. REGISTER OF INTERESTS

Company Secretary shall maintain a "register of interests" to record all relevant personal, financial and business interests of Associates who have any decision-making role in the company. The same shall be made publicly available. Such interests shall include; any **significant political activity**, including office holding, **elected positions, public appearances and candidature for election**;

8. REGISTER OF CONTRACTS, ARRANGEMENTS AND APPOINTMENTS IN WHICH DIRECTORS, ETC., ARE INTERESTED

Company Secretary shall maintain a register in which particulars of all contracts, arrangements, or appointments shall be entered separately for an Associate of the PESCO, who is deemed interested under this Policy.

9. SELF DISCLOSURE

The Associates will voluntarily self-disclose the information regarding their self-interest and conflict of interest to the Company Secretary as may be necessary to enable PESCO to comply with the provisions of this Policy.

The prescribed disclosure of interest form shall be submitted within fifteen days of the date of nomination/ appointment/ transfer and, after that, whenever the disclosed interest changes.

In addition, to ensure that potential conflicts of interest are recognized, all Associates shall disclose any mandates they may hold in a board of directors or in a supervisory committee of an organization other than PESCO.

10. REPORTING CONFLICT OF INTEREST

If any of the employees or associates during the discharge of duties and functions notice a conflict-of-interest situation involving their co-worker, another BOD member, they must report that to the Chief Law Officer for assessment or resolution. In case of failure to report, his co-worker and BOD member will be equally responsible for the financial loss sustained by the failure to report the conflict-of-interest situation.

11. VIOLATIONS

Activities that violate or appear to violate this Policy shall report to the Chief Law Officer, PESCO, who will assess the alleged violation, its financial impact on PESCO and make recommendations to resolve the conflict. The Chief Law Officer will also recommend appropriate disciplinary actions against the person violating PESCO's Conflict of Interest Policy.

12. DISCIPLINARY ACTIONS

The Associates and the employees will be exposing themselves to legal action if they intentionally or unintentionally violate the conflict-of-interest policy.

13. ENTRY INTO FORCE AND IMPLEMENTATION

This Policy came into force on 30th March, 2022

The Audit and Legal Committee is responsible for the implementation of this Policy.

The Board of Directors is the owner of this Policy.