

***GUL AHMED TEXTILE MILLS LIMITED***

**STATEMENT OF BUSINESS CONDUCT**

**AND**

**ETHICS CODE**

## **TABLE OF CONTENTS**

- Policy Statement
- Ethical Decision Making
- Compliance with Laws, Policies and Procedures
- Integrity and Respect for Others
- Confidentiality
- Avoiding Conflict of Interest
- Insider Trading
- Company Records and Internal Controls
- Stakeholders

## **POLICY STATEMENT**

The purpose of this Statement of Business Conduct and Ethics Code (the Code) to which Gul Ahmed Textile Mills Limited (the Company) is committed, is to maintain the highest standards of conduct and ethics. The Company's objective is to getting results consistent with its values. We respect the law, support universal human rights, protect the environment and benefit the communities where we work. The Code is to be complied with by all the directors, employees and other stakeholders of the Company.

Values of the Company are:

1. Integrity
2. Trust
3. Diversity
4. Protecting people and environment
5. Compliance with laws.

The Code provides guidelines about the business conduct and ethics in various situations that our directors/employees might encounter on the job. However, it cannot address every possible workplace situation.

Any violation of the Code could result in disciplinary action, including termination of employment or criminal prosecution or both.

## **ETHICAL DECISION MAKING**

The Code helps us understand how the Company's values are put into practice every day. Everyone who is required to comply with the Code will read through whole of the document. General guidelines may include using good judgment and avoiding even the appearance of improper behavior. If ever in doubt about an action whether it is compliant with/ is consistent with the guidelines of the Code, ask yourself:

- Is it consistent with the Code?
- Is it ethical?
- Is it legal?
- If it were made public, would I be comfortable?

If the answer is "No" to any of these questions, don't do it.

If you are still uncertain, ask for guidance. You can seek help from any of the following:

1. The Management
2. Legal Department
3. Human Resource Department
4. Company Secretary

## **COMPLIANCE WITH LAWS, POLICIES AND PROCEDURES**

1. Directors/employees shall not make, recommend or cause to be taken any action known or believed to be in violation of any law, regulation or corporate policy.
2. Directors/employees shall not make, recommend or cause to be made any expenditure of funds known or believed to be in violation of any law, regulation or corporate policy.

### **INTEGRITY AND RESPECT FOR OTHERS**

3. Directors/employees shall conduct their activities with the highest principles of integrity, truthfulness, objectivity and honor.
4. Directors/employees shall neither use their position to engage in unfair, deceptive or misleading practices nor shall they offer, promise or provide anything to a customer or supplier in exchange for an inappropriate advantage for himself or even for the Company.
5. Any person representing the Company to the third parties shall not allow himself/herself to be placed in a position in which an actual or apparent conflict of interest exists.

### **CONFIDENTIALITY**

6. Directors/employees shall not use or disclose the Company's trade secrets, proprietary information, or any other confidential information gained in the performance of duty.
7. Every employee must be cautious and discreet when using information categorized as "classified" or "confidential-restricted access." Such information should be shared only with the Company's employees who have a legitimate "need to know." Outside parties should have access to such information only if they are under binding confidentiality agreements and have a "need to know."
8. Similarly, when handling sensitive information that has been entrusted to our Company by others, we must always treat it with the maximum care. Doing so, it can protect the Company from potential liability.
9. We must also comply with all laws, regulations and contractual commitments regarding the valid and enforceable intellectual property rights of third parties, including patents, copyrights, trade secrets and other proprietary information.
10. If anyone has a question about the use of patented or proprietary information, including computer software of third parties, he/she should contact Legal Department. In order to use copyright material such as articles, charts, maps, films and music, permission must be obtained from the copyright owner.

### **AVOIDING CONFLICT OF INTEREST**

It is always expected from every director/employee to act in the best interests of the Company. This means that business decisions should be made free from any conflict of interest. They should also appear impartial. Decisions must be made on sound business reasoning.

1. Directors and employees — and their close relatives — must never:
  - a. Compete against the Company.
  - b. Use their position or influence to secure an improper benefit for themselves or others.

- c. Use Company information, assets or resources for their personal gain or for the unauthorized benefit of others.
  - d. Take advantage of inside information.
2. It is also a conflict of interest for a director or employee to give or receive gifts or cash in any amount to or from people or companies doing or seeking to do business with the Company. Therefore, we must not:
  - a. Accept fees or honoraria in exchange for services provided on behalf of the Company.
  - b. Provide or accept gifts or entertainment from anyone doing or seeking business with the Company or any of its affiliates. Generally, modest forms of gifts and entertainment (Like souvenirs of the company or magazines and lunch/dinner in connection while performing their duties to the company) received from vendors are acceptable and do not create conflict of interest. Consult with Legal Department to learn about the guidelines.

### **INSIDER TRADING**

1. It is illegal to purchase or sell securities of the Company if you have “material nonpublic information” concerning the Company.
2. If anybody engages in insider trading than he/she will face disciplinary actions including significant civil and criminal penalties.

### **COMPANY RECORDS AND INTERNAL CONTROLS**

1. The Company’s books and records must be prepared accurately and honestly, both by our accountants who prepare records of transactions and by any of us who contribute to the creation of business records.
2. The Company shall maintain accounting records and issue financial statements as required by the local laws to ensure transparency of information on the Company’s financial performance.
3. Reliable internal controls are critical for security of Company’s assets, proper, complete and accurate accounting and financial reporting. Everyone must understand the internal controls relevant to his/her position and follow the policies and procedures related to those controls. Everyone is encouraged to talk to their managers or supervisors immediately if ever in a doubt that a control is not adequately detecting or preventing inaccuracy, waste or fraud.
4. Audits performed by internal and external auditors help ensure compliance with established policies, procedures and controls. Audits also help identify potential weaknesses so these may be fixed promptly. Everyone is required to cooperate fully with internal and external auditors. This means always providing clear and truthful information and cooperating fully during the audit process.

5. Engaging in any scheme to defraud anyone — of money, property or honest services — violates Company's policy and carries severe penalties. These consequences apply to all dishonest or fraudulent activities, including misusing or stealing assets. The Company relies on its internal controls and the personal integrity of all its directors, employees and contractors to protect assets against damage, theft and other unauthorized use.

## **STAKEHOLDERS**

Every business unit or section of the Company shall follow policies and procedures which are consistent with the Code while dealing with different stakeholders.

### **1. Customers**

- a) Treat customers fairly and honestly.
- b) Provide high standards of service and quality products
- c) Operate effective complaint processes to deal with situations where these standards are challenged.
- d) Aim to provide and promote a range of products and services that meet customer requirements and needs.
- e) Maintain the confidentiality of customer information, except where the law requires/permits disclosure, or the customer has given prior written consent.

### **2. Employees**

- a) The Company has maintained a suitable working environment that provides appropriate training, transparent career growth opportunities and competitive remuneration packages including benefits which are also in compliance with the employment related laws and regulations of Pakistan as well as other relevant countries.
- b) It is ensured that all the values and standards required by our business practices are communicated to each employee.
- c) Provide a clean, healthy and safe work environment, stressing the obligation on all employees to take every reasonable precaution to avoid injury to themselves, colleagues and members of the public.
- d) Provide appropriate facilities to fulfill the needs of special employees
- e) The Company follows the laws that prohibit discrimination in employment practices. It is Company's policy to provide equal employment opportunities and to treat applicants and employees without bias. It is our policy that no one is ever subject to discrimination on the basis of:
  - Race
  - Religion
  - Color
  - National origin
  - Age
  - Sex
  - Disability
  - Personal/Political preference

### **3. Suppliers of Goods and Services**

- a) Encourage dealing with those suppliers/vendors who operate with values and standards similar to those of the Company.
- b) Work together with suppliers/vendors following the laws and policies to improve all aspects of performance.
- c) Agree terms of payment when orders for goods and services are placed and pay in accordance with those terms.
- d) No one shall engage in unfair, deceptive or misleading practices including receiving or demanding of any favors or benefits from a supplier as an advantage for him to win a bid or contract.

**4. Communities**

- a) Contribute to the social and economic well being of communities connected to the places of business of the Company.
- b) Encourage employees to participate in projects and initiatives for the welfare of these communities.
- c) Work and plan operations of business to minimize adverse environmental impact.

**5. Competitors**

- a) Conduct business in accordance with the Code and compete vigorously but honestly.
- b) Avoid disclosing any confidential information except as required by the law.
- c) The Company competes fairly and complies with all applicable competition laws wherever the Company operates. These laws often are complex, and vary considerably from country to country. Penalties for violation can be severe. Therefore, directors/employees should seek legal advise.

**6. Governments and Regulators**

- a) Comply with all applicable laws, rules and regulations under which the Company operates.
- b) Maintain a constructive and open relationship with regulators to foster mutual trust, respect and understanding.