

# **SINDH ENGRO COAL MINING COMPANY**

## **ANTI-CORRUPTION & BRIBERY POLICY (THE “POLICY”)**

Policy Owner:	Head of Internal Audit
Approver:	Board of Directors

<b>Version No.</b>	<b>Date Approved</b>	<b>Description</b>
1	October 2024 (Draft)	The Policy is developed in line with the needs of business and The Prevention of Corruption Act, 1947 and other applicable laws countering bribery and corruption in Pakistan.

**I. POLICY STATEMENT**

Sindh Engro Coal Mining Company, and its subsidiaries (“Company”) is dedicated to conduct all its businesses in accordance with the highest ethical standards and prohibits all forms of bribery and corruption. This Anti-Corruption and Bribery Policy (“Policy”) prohibits bribery of government officials as well as private sector (commercial) bribery, including the offering, promising, authorizing or providing anything of value to any business partner, vendor or other third party to induce or reward the improper performance of an activity connected with our business. The Company has a zero-tolerance approach towards bribery and/or corrupt practices and ensures all its business dealings and relationships are based on merit.

**II. PURPOSE & SCOPE**

This Policy is intended to outline the Company’s risks related to corruption and bribery, to highlight your responsibilities under both the relevant anti-corruption laws and Company policies, and to provide you with the tools and support necessary to identify and combat those anti-corruption risks. The Policy also provides information and guidance to those working for us on how to recognize and deal with bribery and corruption issues.

**III. APPLICABILITY**

This policy applies to all individuals working at all grades within the Company and its subsidiaries, including senior managers, officers, directors, employees (whether permanent or contractual), trainees, seconded staff, volunteers, interns, with the Company located nationwide (collectively referred to as “Employees” in this policy).

The Company will comply with the Prevention of Corruption Act, 1947, and other relevant laws countering bribery and corruption in Pakistan to the extent that the same are applicable.

**IV. RISKS AND CONSEQUENCES OF NON-COMPLIANCE**

A violation of relevant anti-corruption laws can lead to severe civil and criminal penalties and reputational harm to our Company. Employees that violate these laws can also face severe civil and criminal penalties. The prohibition against bribery is incorporated into our Company’s Code of Business Conduct (“COBC”); thus, a violation of this Policy could also result in disciplinary actions pursuant to our COBC including, but not limited to, termination of employment.

**V. CORRUPTION & BRIBERY**

Corruption is the abuse of entrusted power for private gain. Corruption and bribery encompass offering, requesting, promising, authorizing, giving, or accepting anything of value to or from anyone in public or private sector for the purpose of obtaining or retaining business, or any other improper advantage in the conduct of business.

Any benefit provided in return for the misuse of the receiver’s position, task or assignment will generally be considered an improper advantage. An improper advantage will usually be a benefit in the form of cash or objects with economic value but may also include benefits without economic value. Personal benefits provided in relation to the recipient’s position, task, or assignment.

Corruption includes bribery, facilitation payments, kickbacks, and trading in influence. Any corrupt activity, either in public or private sector (between private parties) – is prohibited. Both offering and giving (active corruption) and accepting and receiving (passive corruption) are prohibited.

**a. BRIBERY**

The anti-corruption laws prohibit more than just cash bribes. The laws prohibit offering, promising, or giving “anything of value” with the corrupt intent, i.e., to improperly obtain, keep, or direct business, or to improperly influence an official decision. Gifts, hospitality, entertainment, excessive business promotional activities, covering or reimbursing travel or other expenses, in-kind contributions, political or charitable donations, investment opportunities, product samples for personal use, subcontracts, employment, securities such as stock and stock option, and similar items are all things of value that under certain circumstances can violate anti-corruption law.

Payment to an intermediary is prohibited, where there is reasonable indication of a pass-through bribe to a government official, a customer, or a supplier. Willful disregard or deliberate ignorance is a violation of the law and the Company policy.

b. **FACILITATION PAYMENTS**

The Company prohibits facilitating payments and kickbacks whether they are in cash or “in-kind. The Company also prohibits making facilitating payments through a third party, and third parties are prohibited from making facilitating payments on the Company’s behalf or in connection with the Company’s business, with or without the Company’s knowledge. Facilitation payments are typically small, payments in cash or in kind made to process or expedite routine and legal governmental action to which the Company is entitled.

If asked to make a payment on the Company’s behalf, the Employees should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. The Employees must always obtain a receipt which details the reason for the payment and evidence that the payment went directly to the appropriate payee who provided the goods or services. Any suspicions, concern or queries regarding a payment should be raised as per this Policy.

c. **TRADING IN INFLUENCE**

Trading in influence exists when an improper advantage is offered or given to someone in return for influencing the conduct of a third party’s position. An advantage can have different forms, for example in the form of cash, cash equivalents, objects of value, credits, discounts, travel, personal benefits, accommodation, or services.

**VI. GIFTS & BUSINESS COURTESIES**

As a rule of thumb, the Employee can only offer, give, accept, or receive gifts that are in line with the Company’s Gifts Policy (“Gift Policy”) and the gift value should not exceed PKR 20,000/-. Exceptions can only be made in special circumstances and subject to approval from the Board of Directors. Cash or cash equivalents are not considered customary within the Company and Employees shall not offer, give, accept, or receive any such gifts.

The person offering, giving, accepting, or receiving a gift is responsible for assessing whether the gift is lawful and within the limits set by the Gifts Policy. Should an employee receive a gift that is not compliant with the Gifts Policy, the Employee should return the gift. If that is not possible, the gift must be turned over to the Ethics & Compliance function as soon as possible.

Providing and accepting corporate gifts, meals, hospitality, and entertainment must be moderate, decent, in good taste and not regularly extended to the same persons.

**VII. EVENTS & ARRANGEMENTS**

Customary and commonly accepted business-related events or arrangements such as gatherings, dinners or other forms of events may be arranged or participated in provided there is a legitimate business reason, and the costs are kept within reasonable limits. Any such customary business-related arrangements shall be brought to the notice of your immediate supervisor.

The Company does not entertain payment for travel, accommodation, and other related expenses for any third party if the Company is arranging a business-related event. Likewise, travel, accommodation and other related expenses incurred by the Company’s personnel in connection with attending business-related events hosted by a third party shall be paid by the Company. Exceptions can only be made in special circumstances and subject to approval from the Board of Directors.

Expensive or extravagant events shall not be arranged or attended. If, from a business perspective, it is necessary to arrange or attend such an event, the Employee shall obtain a written approval from the CEO.

The Employee arranging the event is responsible for assessing whether the arrangement is lawful and within the limits set by this Group Policy Anti-Corruption. Such an assessment shall be made in advance.

**VIII. THIRD PARTY MANAGEMENT**

Third parties/vendors are prohibited from making any corrupt payments in violation to SECMC's Code of Business and other applicable policies.

**IX. TRAINING**

All employees shall receive training in using and understanding the Policy. Policy Owner is responsible for conducting the training and maintaining oversight over conducted training.

Anti-corruption and bribery risks should be integrated into the broader Enterprise Risk Management (ERM) framework to ensure comprehensive monitoring and mitigation of bribery and corruption risks.

**X. REPORTING VIOLATIONS**

If the Employee observes conduct that may violate this Policy, please report on [speakout@secmc.com.pk](mailto:speakout@secmc.com.pk). Suspected violations will be reviewed and investigated as appropriate and may lead to disciplinary action.

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# **SINDH ENGRO COAL MINING COMPANY**

## **CONFLICT OF INTEREST POLICY (THE “POLICY”)**

Policy Owner:	Head of Internal Audit
Approver:	Board of Directors

<b>Version No.</b>	<b>Date Approved</b>	<b>Description</b>
1	October 2024 (Draft)	Initial approval

**I. GLOSSARY OF KEY TERMS**

<b>BAC</b>	Board Audit Committee of the Company.
<b>Board</b>	The Board of Directors of the Company.
<b>Company</b>	Sindh Engro Coal Mining Company
<b>Director</b>	Director of the Board.
<b>Conflict of interest</b>	As mentioned in <i>SECMC's Code of Business</i> "Conflict of interest occurs when a personal or family interest interferes with our ability to make sound, objective business decisions on behalf of our Company."

**II. OBJECTIVE AND PURPOSE**

The purpose of this policy is to help identify and address situations that may give rise to a potential or actual Conflict of Interest and is intended to promote and ensure:

- Honest and ethical conduct, including fair dealing and handling of actual or potential Conflicts of Interest;
- Full, fair, accurate, and timely disclosure of Conflicts of Interest;
- Appropriate notification in pursuit of Business Opportunities; and
- Compliance with applicable laws, rules and regulations.

**III. SCOPE AND APPLICABILITY**

This Policy applies to SECMC and its subsidiaries along with Thar Foundation (TF).

**IV. POLICY STATEMENT**

This policy requires that employees avoid any conflict between their own interest and the interests of the SECMC, in dealing with suppliers, customers, and all other organizations or individuals doing or seeking to do business with the Company or any affiliate.

Even if an employee believes that their judgement will not in any way be affected by an outside interest, if others might reasonably think the interest is substantial, the appearance of a conflict may exist (perceived conflict of interest). Any decision on behalf of SECMC shall be based on objective and fair assessment of SECMC's interest without being impacted by any other considerations.

**V. EXTERNAL ENGAGEMENTS:**

An employee's engagement in external positions and appointments may impact his or her working relationship with SECMC or be in conflict with SECMC's business interests.

Employees should not hold external duties or positions with a scope and workload which may affect their ability and capacity to work at SECMC or conflicts with SECMC's business interests. Similarly, no employee can hold a full-time external position.

If the above-mentioned conflict of interest and employee's capacity and ability to work is not impacted, he may engage in external positions with the relevant approvals as defined in the Conflict of Interest – Guideline.

**VI. EMPLOYMENT OF RELATIVES:**

"Relative" is defined as one of the following: spouse or significant other, parent/step parent, child/step child, grandparent, grandchild, brother/brother-in-law, sister/sister-in-law, uncle, aunt, nephew, niece, first cousin, in-laws (father, mother, son, daughter).

Relatives are not eligible for employment in positions or departments where either of the two related hold potential for conflict of interest due to interlinked and/or interdependent jobs, i.e.:

- Candidates for employment will not be working directly for or supervising a relative,
- Candidates for employment will not occupy a position in the same line of authority in which employees can initiate or participate in decisions involving a direct benefit to the relative. Such decisions include hiring, retention, transfer, promotion, wages and leave requests
- Line of Authority: Divisional Head down.
- Candidates with relatives in the same unit/department

It is mandatory for all employees to make a disclosure if their relatives are being considered for a position in SECMC.

If an employee's relative is hired for a position in SECMC, the approval process as defined in the Conflict of Interest – Guideline will be followed.

Please note:

\*The company discourages any external political engagements

\*Directorships in any company apart from SECMC or its subsidiaries will be as per the **Policy Directorship in Companies other than SECMC.**

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# **SINDH ENGRO COAL MINING COMPANY**

## **GIFTS AND BUSINESS ENTERTAINMENT POLICY (THE “POLICY”)**

Policy Owner:	Head of Internal Audit
Approver:	Board of Directors

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1	October 2024 (Draft)	Initial approval



**I. PURPOSE & SCOPE**

Sindh Engro Coal Mining Company is committed both to maintaining the course of highest integrity and to avoiding even the appearance of impropriety in the conduct of its affairs. These commitments have obvious significance for the bestowing of favors upon individuals, whether in the public or private sector, who are in a position, directly or indirectly, to benefit the Company.

The Company's business interests are best served when its relationships are free of influences such as gift-giving or receiving. Only in this way can the Company sustain constructive ongoing relationships with those doing business or seeking to do business with the Company. Therefore, the Company discourages the practice of giving or receiving gifts that is inconsistent with this policy. It is, however, recognized that doing away entirely with the giving or receiving of gifts is not practical and hence occasional exchanges of gifts that are within the limits defined in the policy may be permissible. Obviously, good business judgment must be exercised in all such cases and a declaration of all such exchanges must be made on SuccessFactors Gift Portal.

**II. POLICY IN RESPECT TO GIFTS**

- a) Gifts of cash on the Company's behalf or between employees are strictly prohibited.
- b) Exchange of non-cash gifts will be moderate, infrequent and appropriate to the occasion. An employee cannot receive/give a gift from/to the same entity/individual more than 3 times in the same calendar year (including gifts received at occasions such as New Year, Eid.), excluding edible/perishable items after which he/she must either politely decline or surrender the gift(s) to Ethics & Compliance.
- c) An employee may only accept or give gifts up to a cumulative value of PKR 60,000 (thrice the amount of the gift threshold) in a calendar year.
- d) The above will apply to both, giving and receiving of gifts and be in line with the Company's Ethics/Conflicts of Interest Policies, will reflect good business judgment, will comply with the applicable laws and be sensitive to the applicable codes of conduct.
- e) All gifts received must be declared on SuccessFactors Gift Portal within 5 working days of receipt of physical gift.
- f) Giving and receiving gifts in the form of commissions, abnormal loans, shares in profit, free travel tickets or hotel/other accommodation, membership in clubs/health facilities at no charge or at unreasonably low charge, repairs and improvements at unreasonably low prices, and such other facilities are strictly prohibited.
- g) Commercial and Procurement departments will not accept or give gifts to any 3<sup>rd</sup> party. This will also be applicable to specific functions that are largely responsible for onboarding of 3<sup>rd</sup> parties/vendors (i.e. Legal or Administration).

**II.1 VALUE OF GIFTS**

- a) Gifts of nominal value may be received or given by employees on an infrequent basis in accordance with the cultural norms where it is considered that doing away such gifts could impair our relations with others. Nominal value would imply items having a value not exceeding Rupees 20,000/- or equivalent for gifts received / given within or outside Pakistan.
- b) For exchange of gifts with foreign and local dignitaries, the limit is set at PKR 30,000.
- c) Any edible/perishable item received as a gift should be distributed amongst the staff/employees.
- d) Once declared on SuccessFactors, Ethics & Compliance will assess the value of all gifts received by employees.

**II.2 GIFTS EXCEEDING NOMINAL VALUE**

- a) Gifts exceeding nominal value should be returned reminding the party of the Company's Gift policy or where this may be considered to be against the cultural norms and be deemed as a lack of courtesy, the same may be accepted and subsequently surrendered to the E&C.
- b) If it is not feasible to return the gift, the Company will arrange their auction at any Company / function and donate the sale proceeds to Thar Foundation (TF).

**II.3 GIFTS WITHIN THE COMPANY**

The Company does not in general subscribe to Company gift presentations to its employees. Therefore, Company gift presentations to employees will be limited to service and performance awards under the approved programs and to gifts to outgoing/retiring employees.

- a) **GIFTS TO COLLEAGUES WITHIN THE COMPANY:** Exchange of gifts between employees, value limits stated above in this policy will apply in case of all direct line supervisors in the chain. For all others value of gift will be determined by social norms.
- b) **GIFTS TO OUTGOING/RETIRING EMPLOYEES:** Gifts may be given to outgoing/retiring employees as a token of appreciation for their service to the organization. The value of such gifts should be reasonable and modest, reflecting the organization's values and ethical standards. Gifts may be given to outgoing employees only if they have been with the company for at least 3 years. The maximum allowable value is given below against each band:
  - M2 and below: maximum value of PKR 20,000
  - M3 and M4: Maximum value of PKR 40,000
  - L1 and above: Maximum value of PKR 100,000
- c) **FAREWELL FOR OUTGOING/RETIRING EMPLOYEES:** Farewell events such as lunches or dinners may be held for outgoing/retiring employees to recognize their contributions to the organization if they have served in the company for at least 3 year. The maximum allowable budget for any farewell:
  - i. Should not exceed PKR 5,000/head with a cap of Rs 100,000 per farewell (excluding taxes). In case of amount exceeding Rs 100,000, prior approval from President / CEO will be required. The number of invitees be considered appropriate.
  - ii. Be in line with the department's budget and
  - iii. Be approved as per LOAM.
  - iv. For Executives:
    - Above limits will apply for these farewells.
    - Only 2 farewells can be held; 1 by the business/employees and another by Group/EXCOM.
    - The ancillary expenses for such farewells should not be extravagant e.g. media utilization and location should be appropriate, etc.

**III. EXCEPTIONS TO THE POLICY**

- a) Employees (including Executives) may accept routine gift items such as calendars, diaries, pens, items having company logos or other give aways items consistent with cultural norms and local practices, or on special occasions such as new year, Eid, birthdays or weddings or similar customary rituals as long as the gifts are of moderate value, within the allowed threshold of PKR 20,000 from people having business relationships with the Company.
- b) Giving of corporate gifts by CEOs and EXCOM:
  - i. President and the subsidiary CEOs may give corporate gifts to important stakeholders once in a calendar year on a specific occasion e.g. New Year, Eid, etc. The gift value for each item cannot exceed PKR 10,000.
  - ii. EXCOM members may also do the same, with the approval of President ECORP.
  - iii. Gifts may only be given to recipients where it is beneficial for SECMC's business relationships.
  - iv. In interest of SECMC's brand and to ensure fairness, consistency, and avoid unwarranted duplication in the distribution of gifts to the same external stakeholders of E-CORP and group companies, a centralized monitoring mechanism shall be implemented.
- c) Any gifts given or received by all the employees or particular categories of employees within the group companies are exempt from this policy, e.g. gift baskets given to all employees on Eid, New Year, etc.
- d) Any exceptions to the Policy may be granted on a case-to-case basis only by the approval of the President /CEO with an intimation to Ethics & Compliance. Company's Policy in Respect of Entertainment.

**IV. COMPANY'S POLICY IN RESPECT OF ENTERTAINMENT**

- a) Employees may entertain / accept entertainment, consistent with local practice, of moderate value, to / from people having business relationships with the Company. Entertainment should generally be on an infrequent basis and appropriate to the level of the individual.
- b) Employees should not give or accept extravagant entertainment.

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