

GIFTS AND BUSINESS ENTERTAINMENT GUIDELINES

1. DEFINITIONS

1.1. Gifts

A gift includes anything of value, transferred to another, for which no specific service or compensation is received or expected.

1.2. Business Entertainment

Business entertainment includes the act of dining or participating in a recreational or related activity.

2. GENERAL PRINCIPLES

EPCL is committed both to 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 favours 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. It is, however, recognized that doing away entirely with the giving or receiving of gifts is not practical and hence occasional low value exchanges of gifts may be permissible. Obviously, good business judgment must be exercised in all such cases.

3. COMPANY'S POLICY IN RESPECT OF GIFTS

- Gifts of cash on Company's behalf are strictly prohibited.
- Exchange of non-cash gifts will be moderate, infrequent and appropriate to the occasion.
- The above will 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.
- 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.

4. VALUE OF GIFTS

- Gifts of nominal value may be received or given by employees on an infrequent basis 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 3,000/- for gifts received / given within Pakistan and US\$ 50 in case of gift received / given outside of Pakistan.
- Corporate Audit Department will assess the value of all gifts received by employees.

5. GIFTS EXCEEDING NOMINAL VALUE

- Gifts exceeding nominal value should be returned reminding the party of EPCL's Gift policy.
- If it is not feasible to return the gift, the Company will arrange their auction at any Company / Club function and donate the sale proceeds to an appropriate charity.

6. 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.

Regarding 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.

7. GIFTS TO BE GIVEN

Promotional/give-away items over Rupees 3,000/- and upto Rupees 10,000/- can be given with the prior approval of the President.

8. COMPANY'S POLICY IN RESPECT OF ENTERTAINMENT

- 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.

- Employees should not give or accept extravagant entertainment.

9. ACCOUNTING FOR EXPENSES

Expenses incurred for gifts and entertainment should be reported on the Daily Expense Statement (DES) and approved in accordance with the Limits of Authority Manual. Details of expenses as to the business purpose, name and business relationship of the recipient of gifts/entertainment should be given on the reverse side of the DES.
