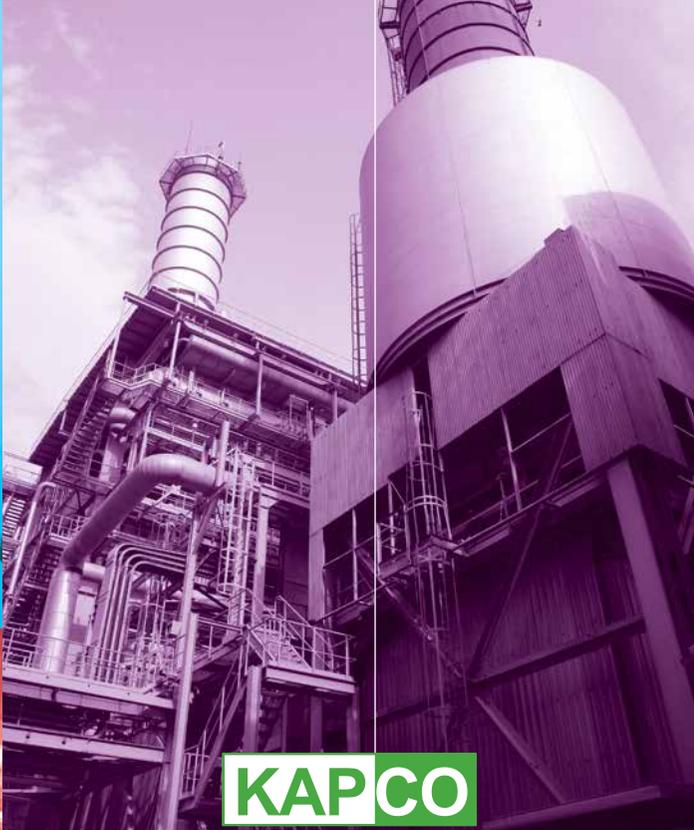




do the

Right Things

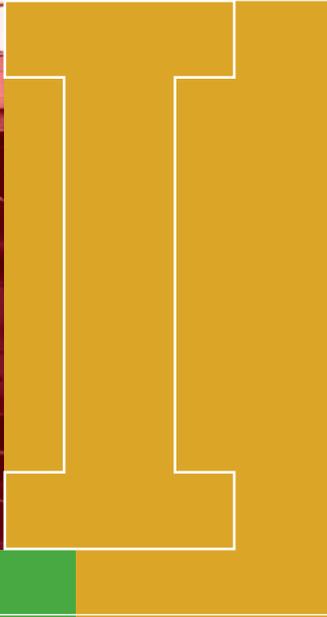


KAPCO

KOT ADDU POWER COMPANY LIMITED

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Introduction



This Code of Conduct (this “Code”) establishes a standard of conduct for Directors and employees of the Company; deters wrongdoing and promotes honest and ethical conduct of Directors and employees. It also promotes compliance with applicable laws, rules and regulations which apply to the Company, its Directors and employees.

This Code is not meant to cover all possible situations that may occur. It is designed to provide a frame of reference against which to measure activities. You should seek guidance when in doubt about the proper course of action in a given situation, as it is ultimately your responsibility to “do the right thing”.

You should always be guided by the following basic principles:

- Avoid any conduct that could damage or risk the Company or its reputation.
- Act legally and honestly.
- Put the Company’s interests ahead of personal or other interests.

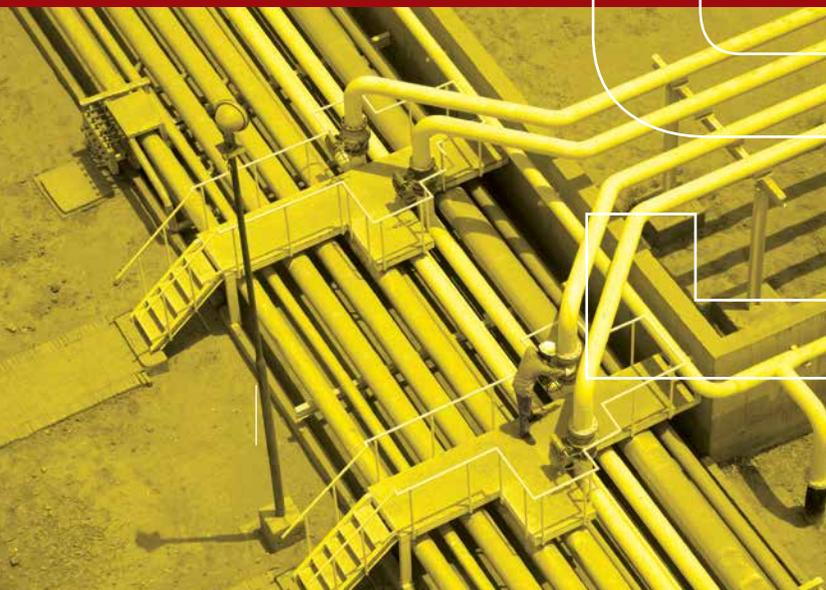
This Code is a living document, which may change over time.

This Code is not an employment contract between you and the Company. Violations of this Code may lead to disciplinary action and also culminate in termination of employment.

This Code does not supersede, change or alter any Company policies and procedures already in place or which may be put in place, from time to time.

This Code is not intended to and does not create any rights in any employee, customer, supplier, competitor, shareholder or any other person or entity.





Scope



This Code applies to the Company's Directors to the extent of carrying out their director-related activities.

For the purposes of this Code, references to "employee(s)" include officers, staff, trainees, temporary employees, and contract employees (including those employed by third party contractors).

Compliance with laws, rules and regulations

The Company, its Directors and employees are bound by the law. Compliance with all applicable laws and regulations must not be compromised. No one will be subject to retaliation because of a good faith report of a suspected violation. If an employee fails to comply with an applicable law, rule or regulation, he/she may be subject to disciplinary measures, upto and including termination of employment.

To avoid inadvertent violations, you are encouraged to ask questions when there is uncertainty. To encourage open communication, you may discuss the matter with the Company Secretary.

Conflicts of Interest

A conflict of interest occurs when your personal interests (financial or other) interfere, or even appear to interfere, in any way, with the interests of the Company. Conflicts of interest can also arise when you take actions or have interests, or a member of your family has interests, that may make it difficult for you to perform your duties to the Company objectively and effectively. When a potential conflict of interest arises, it is important that you act with great care to avoid even the appearance that your actions were not in the best interest of the Company.

Some examples for avoiding conflicts of interest are as follow:

- You will deal with all suppliers, customers, and all other persons doing business with the Company in a completely fair and objective manner without favour or preference based upon personal financial or relationship considerations.
- You will not accept from or give to any supplier or, customer any gift or entertainment except as allowed under Section III (Gifts, Meals and Entertainment) below.
- You will not do business on behalf of the Company with a member of your family or a close relative, unless the transaction is disclosed in writing, to the Chief Executive, who determines that the transaction is on arms-length terms and is consistent with the purposes of this Principle. A close relative would include a spouse, parent, parent-in-law, sibling, sibling-in-law, child or son/daughter-in-law.
- You will not, directly or indirectly, have a financial interest with any individual, firm or company which does or seeks to do business with the Company whether as a customer, supplier, contractor, sub-contractor or service provider.

- You will not use your position in the Company to gain an unfair advantage over a customer, supplier, contractor or service provider including to the extent of obtaining any goods or services on credit, rebate or discount which is not available generally.

Conflicts of interest may not always be clear-cut. If in doubt you should consult with the Company Secretary.

If an actual or potential conflict of interest arises, you are required to intimate the same in writing to the Company Secretary (or with respect to the Company Secretary, the Chief Executive) forthwith; and the Company Secretary is to report the same to the Chief Executive. The Company Secretary shall maintain a record of such reporting.

Gifts, Meals and Entertainment

You will not seek, accept, offer, promise, or give (directly or indirectly) anything of value including payments, fees, loans, services, entertainment, favours or gifts from or to any person or firm as a condition or result of doing business with the Company. You may accept gifts, services or other items of value under the following circumstances:

- You may accept meals, travel, lodging, refreshment, or other normal business courtesies of reasonable value either in the course of a business meeting or to satisfy a reasonable business purpose of the Company.
- You may accept meals and entertainment, such as the occasional sporting event, provided that you do not do so frequently or under circumstances where your judgment could be influenced, or where the cumulative value of the entertainment is excessive. Any meals and entertainment involving substantial travel or an extended number of days cannot be accepted without the permission of the Chief Executive.
- You may accept discounts or rebates on merchandise or services that do not exceed those available to members of the general public.



- You may accept gifts of reasonable value including for commonly-recognised events or occasions, such as a promotion, new job, wedding, retirement, birthday or holiday.
- You may receive awards from civic, charitable, educational or religious organisations of reasonable value in recognition of services and accomplishments.
- You may receive gifts, gratuities, amenities or favours received because of family or personal relationships when the circumstances make it clear that it is those relationships rather than business of the Company that are the motivating factor.

If you receive gifts, services or other items of value under the above, you are required to intimate the same in writing to the Company Secretary (or with respect to the Company Secretary, the Chief Executive) forthwith. The Company Secretary shall maintain a record of such receivings.

If you are offered gifts, services or other items of value not in conformity with the exceptions noted above, or if either arrives at your office or home, you must report it to your superior in writing with a copy to the Company Secretary (or with respect to the Company Secretary, the Chief Executive).

Outside directorships and other outside activities

Outside of the Company, no activities shall be pursued if such activities will interfere with the employee's responsibilities for the Company, or if they create risks for the Company's reputation or if they in any other way are likely to conflict with the interests of the Company.

Unless requested by the Company to take up a particular position or activity, an employee shall pursue outside activities and positions at his own risk and within his spare time only subject to the condition that such position or activity do not in any manner whatsoever adversely impact the employee in the performance of his official duties and responsibilities and provided further that it is permissible to so do in terms of the employees employment contract with the Company.

An employee will not seek directorship in any company (public or private) without the prior written consent of the Chief Executive (and in case of the Chief Executive, the Board of Directors); and the directorships in other companies shall be capped at 4.

You will not participate, directly or indirectly, in a joint venture, partnership or other business arrangement with the Company.

Corporate Opportunities

When presented with opportunities related to the Company's business interests, you must first offer those opportunities to the Company. You will not take for yourself personally, or for members of your family and friends opportunities that are discovered through the use of Company property, information or position; nor use Company property, information, or position for personal gain. You may participate in such opportunities only with the prior written approval of the Chief Executive (or, with respect to the Directors, written approval of the Board of Directors).

Fair Dealing

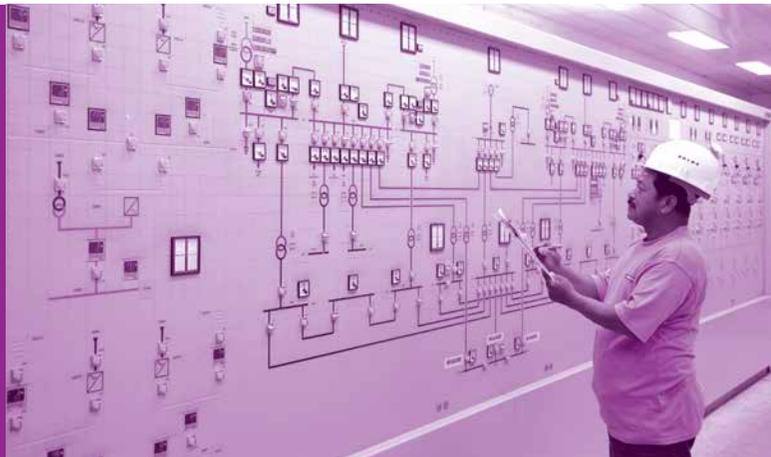
You will deal honestly and ethically with the Company and with the Company's customers, suppliers, employees and other stakeholders.

You will treat people fairly. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged or otherwise undisclosed information, misrepresentation of material facts or any other unfair-dealing practices.

You are prohibited from taking any action (or inaction) to improperly influence, coerce, manipulate or mislead the Company's internal or external auditors; or to prevent such persons from performing a diligent audit of the Company in accordance with their respective mandates.

Accuracy and Integrity of Books, Records and Accounts

All Company books, records and accounts must accurately reflect the nature of the transactions recorded. Books and records include but are not limited to ledgers, vouchers, bills, invoices, time sheets, expense reports, payroll and benefits records and other essential Company data. All assets and liabilities of the Company must be properly recorded in the regular books of account. No undisclosed or unrecorded fund or asset shall be established in any amount for any purpose. No transaction or arrangement shall be structured to circumvent the Company's internal control systems. No false or artificial entries shall be made for any purpose. No payment shall be made, nor purchase price agreed to with the intention or understanding that any part of such payment is to be used for any purpose other than that described in the document supporting the payment.



Protection and Proper use of Company Assets

You are expected to protect the Company's assets and ensure their efficient use, and are prohibited from engaging in theft, carelessness, or waste. All Company assets should be used for legitimate business purposes, but incidental personal use may be permitted if ancillary to a business purpose. You are prohibited from making any improper use of Company property such as Company funds, software, e-mail systems, voice mail systems, computer networks, Company vehicles, rental cars rented on behalf of the Company, and facilities for personal benefit or profit.

Insider Trading

You, your spouse or minor children shall not trade in or recommend to any third party the purchase or sale of the Company's shares (or any other equity or debt securities of the Company) while you are in possession of material non-public information regarding the financial, operational or other prospects of the Company that have not been publicly disclosed and disseminated.

You, your spouse or minor children shall also similarly abstain from trading in, or recommending the purchase or sale of the securities of any other company that issues publicly-traded shares/securities of which you may have obtained material non-public information as a result of your employment by or affiliation with the Company.

You shall not pass-on, tip or disclose any material non-public information to third parties except when done so for valid business purposes (and covered by an appropriate confidential disclosure agreement) under proper authorisation.

As per the securities laws, the communication by an "insider" of purchase or sale of a security while in possession of "material non-public information" is illegal and a crime and is subject to substantial fines, damages, imprisonment and other proceedings. "Insiders" include employee's relatives and other who have access to a Director or an employee. Any use by the "insider" of this information for trading securities or by disclosure by way of "tips" to third parties is dubbed as "insider trading".

The Company shall impose a 'closed period', from time to time, during which the Directors and certain identified employees shall be prohibited directly or indirectly, from engaging in transactions involving the Company's shares (or any other equity or debt securities of the Company).

In the absence of the above conditions, you may make investments in listed securities (including those of the Company).

Workplace Harassment

The Company is an equal opportunity employer and is committed to cultivating a diverse work environment where individual differences are appreciated and respected. It is the Company's policy, through responsible management, to recruit, hire, train, and promote persons regardless of their cast, colour, sex or religion.

You will maintain an environment that is free from harassment in which all employees are equally respected. Workplace harassment would include but not be limited to sexual harassment, disparaging comments and insinuations based on gender, religion, race and ethnicity.

Families and Relatives

Family members may be hired as employees or consultants only if the appointment is based on qualifications, performance, skills and experience and provided that there is no direct reporting relationship between the employee and his or her relative. These principles of fair employment will apply to all aspects of employment, including compensation, promotions and transfers, as well as in case that the relationship develops after the respective employee has joined the Company.

If your spouse, your children, parents, or in-laws, or someone else with whom you have a family relationship is a customer or supplier of the Company or is employed by one, you must disclose the situation to the Company Secretary (or, with respect to the Company Secretary, to the Chief Executive) so that the Company may assess the nature and extent of any concern and how it can be resolved. If you have any doubt as to whether or not conduct or a relationship would be considered an actual or apparent conflict of interest or could be expected to give rise to such a conflict, you should consult with the Company Secretary.

Weapons, Workplace Violence, Drugs, Alcohol and Gambling

You will not display and/or carry weapons or explosives on Company premises (including the residential colony), unless as a security personnel you have a licensed weapon. Similarly, the Company will not tolerate any level of violence in the workplace or in any work-related setting or the residential colony.

Without prejudice to the contents of the preceding paragraph, in case of a licensed weapon, you shall be required to give written notice to the Security Manager and provide him with a true copy of the license (and renewal thereof). Further, it shall be your obligation to ensure that such licensed weapon is duly and properly secured in a safe and secure place.



The use of alcohol and illegal drugs is strictly prohibited in the workplace; and all forms of gambling on Company premises is forbidden.

Confidential Information

For the purposes of this Code, Confidential Information of the Company includes all non-public information, correspondence, documents, papers, records, drawings and data (collectively, the “Confidential Information”).

You must maintain the confidentiality of Confidential Information entrusted to you by the Company or which comes to your knowledge on account of the position you hold. You may disclose Confidential Information if you are duly authorised by the Company or legally mandated to do so. Prior to making a disclosure of any Confidential Information which is legally mandated, you are required to consult with the Company Secretary.

You shall not keep or make or keep for personal use copies of any Confidential Information. All Confidential Information should be surrendered to the Company when you cease (for whatever reason) to be a Director or employee (as the case may be) of the Company.

The Company respects that third parties have a similar interest in protecting their confidential information. In case that third parties including suppliers or customers share with the Company confidential information, such information shall be treated with the same care as if it was the Company’s confidential information.

Responding to Inquiries from the Press and Others

Those of you who are not official spokespersons of the Company shall not speak with any third party as Company representatives. Officer(s) authorised by the Chief Executive shall respond to requests for financial or other information about the Company from the media (print or electronic), financial analysts, or the public. Requests for information from regulators or the government should be referred to the Company Secretary. In each of these instances the Officer(s) authorised or the Company Secretary (as the case may be) shall in a timely manner seek instructions from the Chief Executive and intimate him the details of the responses made.

Accountability for Adherence to the Code

Each of us is responsible for our decision-making and for adherence to the Principles set forth in this Code.

Internal Investigations

The Company will promptly investigate all alleged violations and potential violations of this Code, or of any related Company standard, policy or procedure. Any allegations will be treated confidentially, to the extent consistent with the Company’s interests and its legal obligations.

No person covered by this Code may conduct his/her own investigation. Each of us is expected to cooperate in the investigation of an alleged violation of this Code.

If the Company determines that corrective action is necessary to fix a problem and avoid the likelihood of its recurrence, the Company will promptly decide what steps to take, including legal proceedings when appropriate.

Disciplinary Action

Appropriate disciplinary action will be taken for violation of this Code, or any related Company standard, policy or procedure, including for:

- Authorisation of or participation in violations.
- Failure to report a violation or potential violation.
- Refusal to cooperate in the investigation of an alleged violation.
- Failure by a violator's supervisor(s) to detect and report a violation, if such failure reflects inadequate supervision or lack of oversight.

Waivers and Amendments

The Board of Directors may waive or amend a provision of this Code subject to any applicable regulation/law.



Acknowledgement

I have received and read the Code of Conduct of the Company (the "Code"), and I understand its contents. I agree to comply fully with the standards contained in the Code and the Company's related policies and procedures.

Signature

Designation

Name

Department

PID #

Date



KOT ADDU POWER COMPANY LIMITED

PowerPlant:

Kot Addu Power Complex, Kot Addu, District Muzaffargarh, Punjab, Pakistan

Corporate Office:

5 B/3, Gubberg III, Lahore-54660, Pakistan

Registered Office:

House # 4, Street # 54-A, F 7/4, Islamabad-44210, Pakistan