

# **NISHAT MILLS LIMITED**

## **CODE OF CONDUCT FOR DIRECTORS APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY IN THEIR MEETING HELD ON JUNE 15, 2012**

Nishat Mills Limited (“the Company”) is committed to maintain highest level of ethical conduct. The Company has adopted the following code of conduct (“Code”) for directors, which includes the business practices and principles of behavior to meet this commitment. We expect every director to read, understand and apply this Code to the performance of his or her responsibilities. However, we can not anticipate every situation that may arise or replace the thoughtful behavior of an ethical director.

Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Board of Directors (“the Board”).

Directors who also serve as executives of the Company should read this Code in conjunction with our “*Code of Conduct for Employees*”.

### **Corporate Values**

The Company has adopted the following corporate values:

- To fulfill customer needs by producing quality products;
- To act with good governance;
- To achieve sustainable and equitable growth;
- To promote diversity and ethical behavior;
- To develop a dynamic team of professionals to achieve excellence and innovation.

### **Compliance Officer**

The Company has designated Company Secretary, as its Compliance Officer to administer this Code. Directors, at their discretion may make any report or complaint provided for in this Code to the Chairman of the Board or to the Compliance Officer. The Compliance Officer will refer complaints submitted to the Chairman of the Board.

## **Compliance with Laws**

Directors must comply with all of the laws, rules, and regulations of Pakistan and other countries applicable to either Company or its business. The Company will provide to the directors information about specific laws, rules, and regulations from time to time. Directors are expected to consult with the Chairman of the Board or the Compliance Officer if they have questions about laws that they think may be applicable to either Company or its business.

## **Conflict of Interest**

A "conflict of interest" may exist whenever the interests of a director conflict in any way (or even appear to conflict) with the interests of the Company. A conflict of interest may arise where a director derives personal benefit by making or influencing decisions relating to a business transaction. A conflict of interest also may arise when a director, or a member of his or her family, receives improper personal benefits as a result of his or her position with a Company, whether received from that Company or a third party. Gifts above a "de minimis" value to, loans to, or guarantees of obligations of, directors, or their respective family members may create conflicts of interest.

Although it is not always possible to avoid conflicts of interest, it is each Company's policy to prohibit such conflicts when possible. Conflicts of interest may not always be clear-cut, so if directors have a question, they are expected to consult with the Chairman of the Board or the Compliance Officer. Any director who becomes aware of a conflict or potential conflict of interest is expected to bring it to the attention of the Chairman of the Board or the Compliance Officer.

## **Corporate Opportunity**

Directors shall not:

- use corporate property, information or position for personal gain; or
- compete with the Company; or
- take for themselves personally any business opportunities that belong to the Company or are discovered through the use of corporate property, information or position.

## **Confidentiality**

All directors must maintain the confidentiality of confidential information entrusted to them by either Company, except when the applicable Company authorizes disclosure or disclosure is required by laws, regulations, or legal proceedings. The term "confidential information" includes, but is not limited to, non-public information that might be of use to competitors of the Company, or harmful to the Company or its customers if disclosed. Directors are expected to consult the Chairman of the Board or the Compliance Officer if they believe they have a legal obligation to disclose confidential information.

## **Fair Dealing**

Each director is expected to deal fairly with the respective customer of the Company, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice and will not accept or receive gifts from any of the customers, stakeholders, suppliers, bankers etc. Inappropriate use of proprietary information, misusing trade secret information or inducing such disclosures by past or present employees of other companies is prohibited.

## **Protection and Proper Use of Company Assets**

All directors are expected to exercise their business judgment in a manner that protects the assets of the Company and promotes their efficient use. All assets of the Company are to be used for legitimate business purposes.

## **Reporting Any Illegal or Unethical Behaviour**

Every director of the Company is encouraged to promptly contact the Chairman of the Board or the Compliance Officer if he or she has observed a violation of this Code, illegal or unethical behavior by any employee, officer or director, or by any one purporting to be acting on behalf of the Company or any violation or possible violation of this Code and the reporting director has any doubt as to the best course of action in a particular situation. Confidentiality will be maintained, to the extent permitted by law.

## **Public Company Reporting**

As a public company, it is of critical importance that the Company's filings with the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the concerned Stock Exchange(s) on which the shares of the Company are or may be listed be full, fair, accurate, timely and understandable. Directors may be requested to provide information necessary to ensure that the Company's published reports meet these requirements. The Company expects directors to provide prompt and accurate answers to enquiries relating to its public disclosure requirements.

## **Disclosure of Interest**

Directors are also required to disclose, at the time of appointment and on an annual basis the directorships and/or memberships they hold in other companies.

Where any director of the Company or his/her spouse sell, buy or transact, whether directly or indirectly, in shares of the Company, he/she shall immediately notify in writing to the Company Secretary of such transaction. Such director shall also deliver a written record of the price, number of shares, form of share certificate (physical or electronic), and nature of transaction to the Company Secretary within four days of effecting the transaction. The notice of the director shall be presented by the Company Secretary at the meeting of the Board immediately subsequent to such transaction.

### **Insider Trading**

No director shall, directly or indirectly, deal in the shares of the Company in any manner during the Closed Period prior to the announcement of financial results. All directors shall be advised about the closed period at the time of circulating the agenda and working papers for the Board meetings.

The Closed Period shall start from the day when any document/statement, which form the basis of price sensitive information, is sent to the Board and terminate after the information is made public.

Where any director of the Company or his spouse sell, buy or transact, whether directly or indirectly, in shares of the Company in any period other than the Closed Period, he shall immediately notify in writing to the Company Secretary of such transaction. Such director, as the case may be, shall also deliver a written record of the price, number of shares, form of share certificates i.e whether physical or electronic within the Central Depository System, and the nature of transaction to the Company Secretary within four days of effecting the transaction.

### **Amendment, Modification and Waiver**

This Code may be amended, modified or waived only by the Company's Board of Directors and must be publicly disclosed if required by any applicable law or regulation. As a general Policy, the Board will not grant waivers to the Code.

**(KHALID MAHMOOD CHOHAN)**  
COMPANY SECRETARY