

**FURNITURE PAKISTAN  
CODE OF CONDUCT  
FOR MEMBERS OF THE BOARD**

**1. PREAMBLE**

Furniture Pakistan (FP) is established in August, 2007 as a subsidiary of Pakistan Industrial Development Corporation (Pvt) Limited (PIDC) under the administrative control of Ministry of Industries and Production, Government of Pakistan with the following objectives:

- To Enhance the quality of Pakistani wood products
- To attain global competitiveness
- Establish industry linkages through international marketing
- Develop productive workforce
- Provide environmental friendly wood seasoning facilities

The functioning of the Board is in accordance with the Companies Act, 2017 and Public Sector (Corporate Governance) Rules, 2013. However, it is to be acknowledged that these laws and rules do not govern all types of behavior. As part of good corporate governance, entities communicate its values, acceptable criteria for decision making, and its ground rules behavior in the form of a '*Code of Conduct*'. Realizing the importance and benefits of this explicit communication, the Board has framed fundamental principles which define the Code of Conduct for all the members of the Board and members of the committees.

The Code of Conduct is based on the values expected of the FP's functioning and best practices followed in this connection by other entities.

This goes without saying that members of the Board and its Committees have a responsibility to serve the public interest. The Code, although, provides a broad range of guidance about the standards of integrity and personal conduct in FP's matters, it is acknowledged that no Code can address every situation that individuals are likely to encounter. As a result, this Code is not a substitute for the responsibility to exercise good judgment.

**2. FUNDAMENTAL PRINCIPLES**

- a. Selflessness:** Members should perform their duties in the best interest of the public. They should not take decisions to gain financial or other material benefit or advantage for themselves or for their *Associated Persons*.

**Associated Persons** includes spouse, parent, son, daughter, brother, sister, son-in-law, daughter-in-law, of the Member or any Company, Corporation, Partnership, Trust or other entity owned or controlled by the Member or in which the Member or the persons mentioned herein has a material personal interest.

- b. Objectivity:** In carrying out the FP's business, the Members should take decisions on merit alone. Whilst they may be strongly influenced by the views of others, it is their personal responsibility to decide what view to take on any question after full consideration of the issues.

- c. Avoidance of Conflict of interest:** The Members should not allow bias or conflict of

interest to override their personal judgment. If a Member has a personal and prejudicial interest, they must declare the same.

- d. **Openness:** Members should be as open as possible about the reasons for their decisions and actions during meetings of the Committees/Board. They should restrict information only when confidentiality clearly so demands, and make it known that they have done so.
- e. **Accountability:** Members are accountable to the membership for their decisions and actions and should be prepared to submit themselves to appropriate scrutiny.
- f. **Honesty:** Members should be straightforward and honest in all their FP's relationships. Members should declare any material and relevant private or personal interests relating to any of their duties as Members. They should never otherwise seek information for their personal gain. They should always take appropriate steps to resolve any conflicts that may arise, in a way that protects the public interest and the reputation of FP.

Members should not place themselves under any financial or other obligation to other individuals or organizations that might influence them in the performance of their duties as a Member.

Members should not accept any gifts or hospitality that might appear to be calculated to influence their judgments.

- g. **Due care:** Members have a duty to use due care and diligence in fulfilling their duties as a Member. The Members should make themselves familiar with the Companies Act, 2017 and Public Sector (Corporate Governance) Rules, 2013.
- h. **Confidentiality:** Members are expected to treat the information as confidential which they learn from their participation in working with the Committee/Board. Confidential information (confidential information means the information not otherwise available in public domain) received by the Members in the course of the exercise of their duties remains the property of the FP and relevant counter parties and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorized by the Board, or is required by law. A Member should not make improper use of information acquired as Member.
- i. **Mutual Respect:** Members should understand and respect the conflicting viewpoints and ideas of other members. Members are expected to endeavor to provide an environment of mutual respect, impartiality and collaboration.
- j. **Efficiency/Responsiveness:** Members are expected to perform their responsibilities and assigned tasks in an effective, efficient and timely manner.
- k. **Open & honest Communication:** Members should be open and honest about their communications. They should express their views in clear and concise manner and listen to others.
- l. **Compliance:** Compliance includes compliance with the requirements of The Members should make themselves familiar with the Companies Act, 2017 and Public Sector

(Corporate Governance) Rules, 2013.

**m. Protecting FP's reputation:** The Members should avoid the possibility of any damage to the FP's reputation as a consequence of a Member being subject to any legal, regulatory or disciplinary action or any other adverse publicity that may cause embarrassment to the company.

On becoming aware of any issue that may give rise to legal, regulatory or disciplinary action, the Member should immediately advise the same to the Chairman and decide future course of action in consultation with the Chairman.

**n. Views contrary to the FP's established policy:** Members in their personal activities should not associate the FP with any views that are not established policy of the FP.

**o. Undermining FP's positions:** Members should not, either overtly or covertly, undermine any position or views of the company, whether for personal gains or otherwise.

**p. Interference in FP's affairs:** Members should not interfere in the day to day administration and operations of the FP, unless assigned any specific role by the Board or the position held by Member requires such involvement.

All Members must take steps to ensure that they understand their duties, rights and responsibilities to enable them to follow the principles set out above. The purpose of these principles is to avoid any danger of Members being influenced, or appearing to be influenced, by their private interests in the exercise of their FP duties.

### 3. CONFLICT OF INTEREST

#### a. General principle

The Members must not allow personal interests or the interests of an Associated Person to conflict with the interests of the company.

#### b. Declaration of material interest

The Secretary/Chief Executive Officer shall obtain from every Member an annual Declaration of Material Interest in writing attached as **Annexure-A**, immediately:

- (i) after being elected or nominated; and
- (ii) when a change in the declaration is required for any reason.

Thereafter the Declaration shall be filed when there is any change in material interest of the member.

#### c. Dealing with conflict

(i) If in the course of FP's business if a matter arises in which a Member has a personal interest, the Member must disclose the conflict to the Chairman of its Committee/its Board and/or the Secretary/Chief Executive Officer.

(ii) The Chairman will ensure that measures are put in place to protect parties affected by

the conflict of interest from that conflict. Depending on the nature and extent of the conflict, the measures taken to protect against conflict of interest may include ensuring that the conflicted or potentially conflicted Member:

- a. does not receive the particular working paper and is prevented from participation in discussion and decision making; or
- b. receives the working papers and participate in the relevant discussion but avoids voting on a decision.

(iii) Prior to each meeting the Members will disclose any matter involving Conflict of Interest, which will be recorded in the minutes.

(iv) A Member aware of Conflict of Interest of any other Member, which has not already been disclosed, shall disclose the conflict to the Chairman and/or the Secretary/ Chief Executive Officer.

#### **d. Guidance about conflict of interest**

In the broader sense, conflict of interest can include:

- (i) taking improper advantage of the position as Member to gain directly or indirectly a personal advantage, or advantage for any *Associated Person*, which might cause detriment to FP (or which could be thought/perceived by others to possibly cause detriment to FP).
- (ii) personal interests of the Member or any *Associated Person* that prevail over the interests of FP or its members generally.
- (iii) personal interests of the Member or any *Associated Person* that could lead other people to think the Member might be influenced to prefer those personal interests to the interests of the FP or its members generally.
- (iv) having divided loyalties (professional or personal) particularly in the context of disclosure of confidential information.
- (v) Examples where conflict of interest or the perception of conflict of interest can arise include where a Member:
  - a. holds appointments in organizations whose interests are or could become opposed to the interests of the FP;
  - b. has business dealings with the FP as an individual or through a professional or personal connection e.g. where a Member personally or a Member's firm, client, or close relative is a supplier of goods or services to the FP, is seeking to transfer assets to or from the FP or has a commercial dispute with FP;
  - c. is associated with a member of the FP who has an issue with FP that requires determination by the its Committee/its Board (e.g. membership or disciplinary issues or some kind of application for special treatment or ruling);
  - d. is associated with a party seeking employment with the FP;
  - e. or any of his *Associated Person* who is in direct dispute with the FP which may depart him/her from taking effective decision for the benefit of members at large or take a decision which is detriment to FP.
  - f. is awarded any monetary benefit/honor/medal/certificate etc.

These guidelines do not apply to matters in which the generality of members or a significant number of them might have an interest.

If Members are in any doubt about the materiality or relevance of any interest or relationship, they should discuss the matter in confidence with the Chairman and/or Secretary/Chief Executive Officer.

#### **4. USE OF INFORMATION**

##### **a. General guidance**

i. Member must not make improper use of information acquired by virtue of the members' position. This prohibition applies irrespective of whether the Members would gain directly or indirectly a personal advantage or an advantage for an *Associated Persons* or might cause detriment to FP.

ii. A Member should ensure that any information which is not publicly available and which would have a material effect on the reputation of FP is not provided to anyone.

##### **b. Conflict and use of information**

(i) A particular issue for Members is receiving confidential information that could be advantageous to themselves personally or to their *Associated Persons*.

(ii) Exposure to confidential information that could advantage the Member or *Associated Persons* does not itself create a conflict of interest.

(iii) However, the potential for conflict of interest exists where a Member has competing obligations of non-disclosure and disclosure or where others would find it difficult to believe that the Member did not use or disclose the information to advantage. For example: information might be so competitively significant as to create a perception of unfair advantage.

It is difficult to be prescriptive about those situations where exposure to confidential information creates the potential for conflict. One test might be to ask "would other people having regard to the nature of the information trust a Member not to use or disclose the information to advantage."

If Members are in any doubt about whether a gift or offer of hospitality should be accepted, whether an interest should be declared, or about any other aspect of this guidance they should discuss the matter with the Chairman and/or Secretary/Chief Executive Officer.

#### **5. BREACH OF CODE OF CONDUCT**

Where any member of the its Committees and its Boards commits significant breach of this Code, the matter shall be brought to the attention of the Chairman. \*

**FURNITURE PAKISTAN  
ANNUAL DECLARATION OF MATERIAL INTERESTS  
BY MEMBER OF THE COMMITTEE/BOARD**

Date \_\_\_\_\_

**Note:**

Please record below information about material personal, business or other interests (including information relating to your associated persons) which might, to the best of your knowledge or belief, or of which you could reasonably be expected to be aware:

- a. give rise to a conflict of interest for you with the activities of FP; or
  - b. influence or lead to a perception of a conflict in the eyes of the public, the membership or your colleagues in your behaviour as a member of the Committee/Board or in the way in which you alone, or together with others, participate in or vote on FP's affairs.
- (Please use additional sheets if necessary)

Partnerships, Directorships or beneficial interests in companies: \_\_\_\_\_

\_\_\_\_\_

Professional or social relationships with individuals who have business relationships with the FP

\_\_\_\_\_

\_\_\_\_\_

Any other matters you feel should be identified: \_\_\_\_\_

\_\_\_\_\_

I declare, to the best of my knowledge or belief, and in relation to my financial and other interests which are material and relevant as required by the FP's Code of Conduct for Members of the committees and board, either (please delete as applicable):

- a. that the details listed above represent my interests and that, where I have left a category blank, I have no interests in that category; or
- b. that the details listed above represent changes or additions to the interests previously declared by me.

SIGNATURE \_\_\_\_\_

NAME \_\_\_\_\_