	The Hub Power Company Limited	Insider Trading Policy
	Approved by Board on 20 August 2015	

## I. Introduction

The purpose of this Insider Trading Policy (the “Policy”) is to promote compliance with applicable securities laws by the Hub Power Company Limited (“Hubco” or the “Company”) and all directors, officers and employees thereof, in order to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it.

This Policy shall supersede the Dealings Rules of the Company or any other rules related to Insider Trading previously enacted; and in case there is any conflict in the provisions of this Policy and any other Rules of the Company then this Policy shall prevail.

## II. Applicability

The Policy is applicable to all directors, officers and employees of the Company.

Questions regarding this policy should be directed to Hubco’s Company Secretary.

## III. Policy

If a director, officer or any employee of the Company or any agent or advisor of the Company, its subsidiaries and affiliates has material, unpublished price sensitive information relating to the Company, it is the Company’s policy that neither that person nor any Connected Person (as defined below) may buy or sell securities of the Company (the “Company Securities”) or engage in any other action to take advantage of, or pass on to others, that information. This Policy also applies to material, unpublished price sensitive information relating to any other company with publicly-traded securities, including our customers or suppliers, obtained in the course of employment by or association with Hubco.

To avoid even the appearance of impropriety, additional restrictions on trading Company Securities apply to directors and members of executive management. See Section VI.


## IV. Definitions/Explanations

### A. Who is an “Insider”?

Any person who possesses material, unpublished price sensitive information is considered an insider as to that information. Insiders include the Company’s directors, officers, employees, independent contractors and those persons in a special relationship with the Company, e.g., its auditors, consultants, attorneys and also include the family members of the above in some circumstances. The definition of insider is transaction specific; that is, an individual is an insider with respect to each material, unpublished information of which he or she is aware. Insiders shall also include all personnel and legal persons included in Section 130 of the Securities Act, 2015.

### B. What is “Material” Information?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of

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the security. Material information can be positive or negative and can relate to virtually any aspect of a company's business or to any type of security – debt or equity.

Some examples of material information include:

- Unpublished financial results
- News of a pending or proposed company transaction
- Significant changes in corporate objectives
- News of a significant sale of assets
- Changes in dividend policies
- Financial liquidity problems

The above list is only illustrative; many other types of information may be considered “material,” depending on the circumstances. The materiality of particular information is subject to reassessment on a regular basis.

C. What is “unpublished price sensitive information”?


Information is “unpublished price sensitive information” if it is not available to the general public and it could potentially have any effect on the price of the Company Securities. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as the website of the Stock Exchange, newspapers or other media outlets. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination.

A complete list of “unpublished price sensitive information” can be found in Section 2(m) of the Listed Securities (Prohibition of Insider Trading) Guidelines issued in 2001 by the SECP.

D. Who is a “Connected Person?”

As per the Securities laws of Pakistan the following persons fall under the ambit of ‘Connected Person’ if such person is:

- a. Is in the position as an officer or an employee of the company or holds a position involving a professional relationship between himself and the company;
- b. Is a company under the same management or group or any subsidiary company;
- c. Is an official or a member of a Stock Exchange or of a clearing house of that stock exchange or any employee of a member of a stock exchange;
- d. Is an investment bank, share transfer agent, registrar to an issue, Trustee of Term Finance Certificates, Investment Advisor, Investment Company (closed end mutual fund) or an employee thereof, or, is a member of the Board of Directors of the Asset Management of an Investment Scheme (open end mutual fund) or is an employee having fiduciary relationship with the company;
- e. Is a member of the Board of Directors, or an employee, of a financial institution as defined in Clause 15 (A) of sub-section one (1) of Section 2 of the Companies Ordinance, 1984 (“**Ordinance**”);
- f. Is an official or an employee of a self-regulatory organization recognized by the Commission;
- g. Is a relative of any of the aforementioned persons; or

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h. Is a banker of the Company.

E. What is a Security?

“Security” shall include any share, scrip, debenture, participation term certificate, modaraba certificate, mushariqa certificate, Sukuk Certificates, term finance certificate, bond, pre-organization certificate or such other instruments as the Federal Government may by notification in the Official Gazette specify for the purpose.

F. What is the ‘closed period’?

As per the Code of Corporate Governance issued by the SECP in 2012, the closed period shall start from the day when any document/statement, which forms the basis of price sensitive information, is sent to the board of directors and terminates after that information is made public.

G. What is an ‘affiliate’?

A Company or body corporate shall be deemed to be an affiliate of HUBCO, if HUBCO directly or indirectly, beneficially owns twenty percent or more of its voting securities or has power to elect and appoint twenty percent of its directors.

**V. Guidelines**

A. Non-disclosure of Material Unpublished Price Sensitive Information

Material, unpublished price sensitive information must not be disclosed to anyone, except the persons within the Company or third party agents of the Company (such as investment banking advisors or outside legal counsel) whose positions require them to know it, until such information has been publicly released by the Company.


B. Prohibited Trading in Company Securities

No person may place a purchase or sell order or recommend that another person place a purchase or sell order in Company Securities (including changes in elections or information relating to the prospects of future projects of the company) when he or she has knowledge of material information concerning the Company that has not been disclosed to the public. Loans, pledges, gifts, charitable donations and other contributions of Company Securities are also subject to this Policy.

C. “Tipping” Information to Others

Insiders may be liable for communicating or tipping material unpublished price sensitive information to any third party (“tippee”), not limited to just Connected Persons. Further, insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, unpublished information tipped to them and individuals who trade on material, unpublished information which has been misappropriated.

Tippees inherit an insider’s duties and are liable for trading on material, unpublished information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material,

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unpublished information by receiving overt tips from others or through, among other things, conversations at social, business or other gatherings.

**D. Avoid Speculation**

Directors, officers and employees, and their Connected Persons may not trade Company Securities or sell Company Securities “short.” In addition, directors, officers and employees, and their Related Persons may not hold Company Securities in margin accounts. Investing in Company Securities provides an opportunity to share in the future growth of the Company. Investment in the Company and sharing in the growth of the Company, however, does not mean short-range speculation based on fluctuations in the market. Such activities may put the personal gain of the director, officer or employee in conflict with the best interests of the Company and its security holders. Anyone may, of course, in accordance with this Policy and other Company policies, exercise options granted to them by the Company.

Section 223 of the Ordinance prohibits the Directors, Chief Executive, Managing Agent, Chief Accountant, Secretary or Auditor or major shareholder of a listed company to practice, directly or indirectly, short selling such securities.

If any of the persons mentioned above make any gain the trading of securities, he shall be required to report and tender the amount of such gain to the Company and shall send an intimation to this effect to the Registrar (at the SECP) and the Commission.

If any Directors, Chief Executive, Auditor, other employee or person, directly or indirectly, holding more than ten percent of shares of the Company or any lineal ascendant or decedent or the spouses of the above mentioned persons makes any gain by trading the shares of the Company within a period of six months then the gain shall be tendered to the Company as per the requirements of Section 224 of the Ordinance and Rule 16 of the Companies (General Provision and Forms) Rules, 1985.

The requirements of section 223 and 224 of the Ordinance shall also be applicable to the Directors, CEO and executives of the subsidiaries and affiliates of the Company.


**E. Trading in Other Securities**

No director, officer or employee may place purchase or sell orders or recommend that another person place a purchase or sell order in the securities of another company if the person learns of material, unpublished information about the other company in the course of his/her employment with the Company.

**VI. Additional Restrictions and Requirements for Directors and others**

**A. Prohibition on Trading During Closed Period**

As per the Code of Corporate Governance 2012, no Director, CEO or executive shall, directly or indirectly, deal in the securities of the Company in any manner during the closed period. This shall also be applicable to the Directors, CEO and executives of the subsidiaries and affiliates of the Company.

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The closed period shall start from the day when any document/statement, which forms the basis of price sensitive information, is sent to the Board of Directors and terminates after the information is made public. It is expected that such a restriction would help minimize the risk of insider trading by key management/directors or employees of the company.

**B. Reporting**

All trades in Company's shares by all Directors, CEO or Employees, or their spouses, of the Company, its subsidiaries and affiliates shall be immediately notified in writing to the Company Secretary. This is to be followed by 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 nature of transaction along with supporting invoice from broker to the Company Secretary within three days of effecting the transaction.

The Company Secretary shall immediately forward all trade in shares by the employees of the Company, other than those by the employees of subsidiaries and affiliates, to the Exchange for its dissemination to all concerned and shall also place before the Board of Directors at their meeting immediately subsequent to such transactions as required by Code of Corporate Governance (clause xxiii).

**VII. Consequences for violation of this Policy**

Employees who violate this Policy shall be subject to disciplinary action by the Company and the employee may be subject to dismissal under Clause 6.2.4 of the Personal Policy.

Pursuant to the national Security Laws, Insiders may be subject to civil fines and penalties for engaging in transactions in the Company's securities at a time when they have knowledge of material unpublished price sensitive information regarding the Company or its subsidiaries. In addition, Insiders may be liable for improper transactions by any person to whom they have disclosed material unpublished price sensitive information regarding the Company or its subsidiaries or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in the Company's securities.