



Circular # HR 27-21
03 May 2021

PROVIDENT FUND POLICY

1. **Prelude.** Gas & Oil Pakistan Ltd (GO) accords high priority to the well-being of its employees and continue to strive for providing a stress-free environment where basic employee(s) concerns/ needs are addressed by extending benefits for their welfare.
2. **GO Provident Fund (PF).** To provide long term/ terminal benefit and extend financial security for GO employees and their families on retirement, separation or death, "GO Provident Fund" is being created in which employee(s) and GO shall equally contribute on monthly basis.
3. **Trustee Nomination/ Operating Rules**
 - a. Management and control of PF shall be vested in Five Trustees, including the 'Chairman of Trustees', as appointed by the Board, who would undertake such management without remuneration.
 - b. In the event of a difference of opinion amongst trustees, decision of majority shall be binding on all the trustees. In case of equal division of opinion amongst trustees, Chairman shall vote; thus achieving majority, which shall be final.
 - c. A trustee shall continue to be in office till he/ she dies, becomes insolvent, removed by the Company from the trust reposed in him/ her or resigns from the service of GO. In such a case, other trustees shall nominate new trustee and if nominations of two or more employees are received, trustees shall follow the procedure/ vote vide para 3b ante.

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4. **Investment in PF**

- a. Monies not required for immediate disbursement(s) including the net income thereof would be invested by the trustees in accordance with the provisions of rule 102 of the Income Tax Rules, 2002 (Investment of moneys of a recognized provident fund).
- b. Trustees may from time to time withdraw from the PF such sum or sums as may be required for the purpose of fund and may raise funds by the sale of investments or any art thereof or by loan against pledge, of the Funds securities and assets.

5. **Eligibility**

- a. All permanent confirmed employees shall be eligible for participation in the PF.
- b. Participation in PF is mandatory for all eligible employees.

6. **Responsibility and Membership Process**

- a. When an employee completes his/ her probation period successfully and becomes a permanent employee, HR Dept shall provide copy of PF Membership Form to the employee.
- b. HR Dept shall maintain record of all the member employees.
- c. Finance and Accounts Department shall maintain record of contributions made/ to be made by the Company.
- d. Accountant of the Fund shall be appointed by trustees and would be responsible for maintaining the books of accounts of the fund and shall get the same audited on annual basis.

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7. Provident Fund Administration Guidelines

- a. **PF Contribution.** GO and its employees shall contribute to the PF at the rate of ten percent (10%) of gross salary, in equal proportion, on monthly basis.
- b. **Management of Contributions.** GO shall manage contributions as outlined by the Securities Exchange Commission of Pakistan by investing in various investment portfolios and/ or schemes.
- c. **Nomination**
 - (1) Each member would make a nomination in the form (**Annex A**), which shall be of a person or persons who will be entitled to receive payment of the sums payable to him/ her in the event of death.
 - (2) In an event of member's failure to appoint a nominee, due amount shall be paid to the holder of Succession Certificate upon his/ her death.
- d. **Handling of Temporary Absence Member.** A member who is away/ absent from work with the permission of Company shall continue to remain member of PF even if he/ she does not receive any salary during the absence. In such a case, his/ her and GO's contribution shall not be paid to the PF and would only be deducted after the resumption of his/ her salary.
- e. **Loan Secured by PF.** *Member(s) may take loan against accrued PF after completion of two-years' continuous service with GO.* Following procedure shall apply in this regard:-
 - (1) "No Objection" confirmation should be provided by HR to confirm that there are no reasons to withhold any payments (para 8 of PF Policy "Company's Lien").

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(2) Further, the reason, limit and repayment of loan as described above shall be in conformity with Rules 103 through 107 of Chapter XV of Income Tax Rules, 2002 and related legislations.

(3) Loan shall only be given to eligible PF member(s) under the following circumstances and conditions:-

(a) **For Construction of House**

- i. Member(s) can take maximum up to 80% of the accrued PF.
- ii. Loan shall be paid back in equal instalments over a period of maximum up to 10 years.
- iii. Relevant documents for the construction of house shall be deposited with HR Dept while applying the loan.

(b) **Marriage of Daughter or a Dependent Sister**

- i. Member(s) may take maximum up to 50% of the accrued PF.
- ii. Loan shall be paid back in equal instalments over a period of maximum up to 5 years.
- iii. Copy of Nikkah Certificate shall be deposited with HR Dept after the marriage ceremony.

(c) **Meet Medical Expenses Incase Authorized Company Limit is Exceeded**

- i. Member(s) may take maximum up to 20% of the accrued PF.
- ii. Loan shall be paid back in equal instalments over a period of maximum up to one year.

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- iii. Medical documents shall be deposited with the HR Dept.

(d) **Untimely Death of Dependents**

- i. Member(s) may take maximum up to 20% of the accrued PF.
- ii. Loan shall be paid back in equal instalments over a period of maximum up to one year.
- iii. Copy of the Death Certificate of the dependent shall be deposited with the HR Dept.

(4) Profit shall not be paid on the amount drawn as loan; however, Member(s) shall be eligible for profit on the paid back instalments of their loan.

(5) Member(s) shall not be eligible to apply for loan, unless he/ she pays off the previously taken loan.

f. **PF Encashment.** In case of separation/ termination from the employment or death, employee or his/ her nominee shall receive PF amount after the clearance of all departments, as part of final settlement. PF contribution shall be paid up to the last date of employment with the final settlement working after all necessary adjustments as per applicable income tax. any other legal obligations, amount of loan pending or amount in lieu of notice period.

8. **Company's Lien.** The Company shall have first lien upon the amount from time to time standing to the credit of each member representing the Company's contribution with interest thereon for any monies advanced to the Member by the Company and for any financial loss, damage, costs or expenses which the Company may at any time

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sustain, incur, pay or be put to by reason of any act of fraud, dishonesty, embezzlement, negligence or default of or by such member.

9. **Audit of PF Account(s)**. The accounts of the fund shall be made upon the 30th day of June of each year and audited by the External Auditors of the PF appointed by the trustees.

10. **Power to Alter Rules**. Trustees may add to, alter or abrogate any of the rules or substitute new rules; provided however, that such addition, alteration, abrogation or new rule or rules shall be brought into effect only after the approval of Commissioner of Income Tax having jurisdiction over the fund. Provided further that no addition, alteration, abrogation or new rule or rules shall be effective retroactively, or jeopardize the rights of any member as to any monies already accrued to his/ her credit in the PF.

Brig Muhammad Naeem Sarwar (Retd)
GM HR

Khalid Riaz
CEO

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Annex A

PROVIDENT FUND NOMINATION FORM

I, _____, being a member of the Gas & Oil Pakistan Limited Employees' Provident Fund hereby nominate Mr./ Ms. _____ to receive the amount which may stand to my credit in the Gas & Oil Pakistan Limited Employees' Provident Fund in the event of my death. If the said nominee shall then be a minor, I hereby appoint _____ to receive the amount on his/ her behalf.

Date

Signature

Two witnesses to the signature of the Member who shall sign in the presence of each other and in that of the Member all being present at the same time:

1. Name _____ Signature _____

2. Name _____ Signature _____

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