

Publication of the Code of Conduct

Pursuant to Condition 01(7)(b) of Corporate Governance Code Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 of Bangladesh Securities and Exchange Commission, this Code of Conduct and any amendments thereto shall be published/posted on the website of the Company.

Amendment to the Code of Conduct

The provisions of this Code can be amended/ modified by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee (NRC), from time to time and all such amendments/ modifications shall take effect from the date stated therein. The Chairperson, other Board members and Chief Executive Officer shall be duly informed of such amendments and modifications.

CHAIRMAN'S DUTIES & RESPONSIBILITIES

The post of Chairman of the Board shall be elected from among the non-executive directors of the company under Condition No.1(4)(c). Also, the Chairman of the Board and the Managing Director of the company shall be different individuals under Condition No.1(4)(a). The Nomination and Remuneration Committee (NRC) of GBB Power Limited hereby recommends the following Codes of Conduct or the Roles and Responsibilities for the Chairman of the Board:

ROLES:

The Chairman leads the Board to ensure that the Board functions effectively and smoothly to promote high standards of uprightness, integrity and corporate governance. He/She does not participate or interfere with the day-to-day operations or administrative functions of the company. The role of Chairman is to formulate broad policy guidelines for the company, to oversee that the functions are performed properly and within the set policy guidelines. He/She extends his/Her support to the Managing Director, whenever required, to implement the guidelines.

RESPONSIBILITIES:

1. The responsibilities of Chairman include, among others, the following: - Attend and preside over the meetings of the Board of Directors.
2. Ensure that the members of the Board actively participate in the discussions and voice their opinions to make effective decisions.
3. Ensure that the meeting agenda are properly discussed and decisions are harmoniously taken by the Board, as well as help assuage discord and resolve disagreements when necessary.
4. Ensure that the Board of Directors performs well, achieves the objectives of the company and discharges its responsibilities to the various stakeholders.
5. Support and guide the Managing Director in discharging his responsibilities properly and smoothly.
6. Ensure that Board Committees are properly formed and that they discharge their functions adequately.



MANAGING DIRECTOR'S DUTIES & RESPONSIBILITIES

At GBB Power Limited, there is no post of Chief Executive Officer (CEO), as the Managing Director performs the functions of the CEO. The Managing Director of GBB Power Limited does not and shall not hold the same position in another listed company as provided in Condition No.1(4)(b). The Nomination and Remuneration Committee (NRC) of GBB Power Limited hereby recommends the following Codes of Conduct or the Roles and Responsibilities for the Managing Director of the company:

ROLES:

The Managing Director is in charge of implementing policies and decisions of the Board of Directors, as well as looking after the overall management of the company. He acts as liaison between the Board of Directors and the management. He is in charge of motivating employees and workers, as well as improving the performance of the company so that employees can enjoy their work and help achieve the company's objectives. He speaks to various stakeholders, regulators, government agencies, employees and to shareholders on behalf of the company. The Managing Director is the visionary, guide and key decision-maker of the company.

RESPONSIBILITIES:

1. Set goals for the company, formulate policies and guidelines, lead and empower the company's key management to achieve these goals.
2. Present to the Board various plans, projects and strategies, as well as arrange funding for the implementation of various plans.
3. Ensure that proper recruitment takes place through effective human resource planning.
4. Maintain a sociable working environment, discipline and team spirit in the organization.
5. Maintain effective dialogue between the company and its stakeholders.
6. Effectively control costs, reduce wastage and improve efficiency at all levels in order to fulfill the objectives of the company.
7. Promote and maintain management succession and development plans.
8. Identify various risks for the company and develop strategies to overcome those risks.
9. Ensure that performance is consistent and is recognized.
10. Ensure that the obligations of the company to its various stakeholders and to the society at large are fulfilled.



CHIEF FINANCIAL OFFICER'S DUTIES & RESPONSIBILITIES

The NRC of the Company defines the roles, responsibilities and duties of the **Chief Financial Officer (CFO)** as follows:

Shall perform several tasks inclusive of preparing accounts, preparing budgets, operational reporting and interpreting, evaluating operating results, preparing income tax returns, establishing internal control procedures to safe-guard the company's assets.

i) Shall furnish necessary and classified information to the Board of Directors along with his analysis and suggestions as the CFO attends the Board Meetings. In order to strengthen and formalize corporate decision-making process, significant issues including those listed hereunder are required to be placed by the CFO for the information, consideration and decision of the Board of Directors:

- a) Annual business plans, cash flow projection, forecasts and long-term plans;
- b) Budgets including capital, manpower and overhead budgets along with variance analysis;
- c) Quarterly operating results of the company as a whole and in terms of its operating divisions or business segments;
- d) Details of joint venture or collaboration agreements or agreements with distributors, agents, suppliers etc.;
- e) Default in payment of principal and / or interest including penalties on late payments and other dues, to a creditor, bank or financial institutions or default in payment of public deposit;
- f) Failure to recover material amounts of loans, advances and deposits made by the company including trade debts and inter-corporate finances; and
- g) Significant public or product liability claims likely to be made against the company including any adverse judgment or order made on the conduct of the company.

ii) The CFO shall process and furnish all the information required for decision-making by the Board of Directors and the Chief Executive Officer / MD.

iii) The CFO shall provide all the necessary data to be presented in the 'Directors' Report' prepared under section 184 of the Companies Act 1994, and shall ensure the following:

- (a) The financial statement, prepared by the management of the company, present fairly its states of affairs, the result of its operation, cash flows and changes in equities;
- (b) Proper books of accounts of the company have been maintained;
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- (d) International accounting standards, as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- (e) The system of internal control is sound in design and has been effectively implemented and monitored;
- (f) There are no significant doubts upon the company's ability to continue as going concern; and
- (g) There has been no material departure from the best practice of corporate governance as detailed in the Listing Regulations.

iv) In addition, thereto the CFO shall also provide necessary data on the following additional statements to be presented in the said Directors' Report:

- a) Industry outlook and possible future development in the industry.
- b) Segment-wise or product-wise performance.
- c) Risks and concerns.
- d) A discussion of Cost of Goods sold, Gross Profit Margin and Net Profit Margin;
- e) Discussion on continuity of any extra-Ordinary gain or loss;

- f) Basis for related party transactions – a statement of all related party transactions should be disclosed in the annual report;
 - g) Utilization of proceeds from public issues, right issues and / or through any other instruments;
 - h) An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Right Offer, Direct Listing etc.;
 - i) If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual report;
 - j) Remuneration to directors including Independent directors;
 - k) The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
 - l) Proper books of accounts of the company have been maintained;
 - m) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;
 - n) International Accounting standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.
-
- o) The system of internal control is sound in design and has been effectively implemented and monitored;
 - p) There are no significant doubts upon the company's ability to continue as a going concern, and if the company is not considered to be a going concern, the fact along with reasons thereof should be given;
 - q) Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained;
 - r) Key operating and financial data of at least preceding five years shall be summarized;
 - s) Reasons shall be given if the company has not declared dividend (cash or stock) for the year;
 - t) Number of Board Meetings held during the year and attendance by each director shall be disclosed;
 - u) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name-wise details) held by:
 - i) Parent / Subsidiary / Associated Companies and other related parties (name-wise details);
 - ii) Directors, Chief Executive Officer, Company secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name-wise details);
 - iii) Top five salaried employees of the company other than the Directors, Chief executive Officer, Company secretary, Chief financial Officer and head of Internal Audit; and
 - iv) Shareholders holding ten per cent or more voting interest in the company (name-wise details);
 - v) In case of the appointment / re-appointment of a director, the company shall disclose the following information to the shareholders:
 - i) A brief resume of the director;
 - ii) Nature of his / her expertise in specific functional areas; and
 - iii) Names of companies in which the person also holds the directorship and the membership of committees of the Board.
-
- v) The CFO of the company shall attend the meetings of the Board of Directors provided that the CFO shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to his personal matters.
 - vi) The CEO/MD and the CFO shall jointly certify to the Board that –



Code of Conduct for GBB Power Ltd.

a) They have reviewed financial statements for the year and to the best of their knowledge and belief:

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.

b) There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

c) The Certification of the MD or CEO shall be disclosed in the Annual Report.

HEAD OF INTERNAL AUDIT AND COMPLIANCE (HIAC) DUTIES & RESPONSIBILITIES

The Head of Internal Audit & Compliance (HIAC) is to management Audit unit of the Company therefore should suitably be qualified and possess wide experience in internal audit and its management. The NRC of the Company defines the roles, responsibilities and duties of the Head of Internal Audit (Internal Control and Compliance) as follows:

- i) Shall plan, direct, control and motivate the resources available to ensure that the responsibilities of the internal audit are met.
- ii) Shall participate in the recruitment and selection of his staff. (New entrants to internal audit work should have time to familiarize themselves with the activities of the internal audit unit and the company and to demonstrate their suitability for audit work;
- iii) Shall promote and maintain adequate quality standards, establish methods or evaluating the work of his staff to ensure that the internal audit unit fulfils its responsibilities;
- iv) Shall prepare the internal audit plan and arrange the timing of internal audit assignments in consultation with the management concerned, except on those rare occasions where an unannounced visit is a necessary part of the audit approach;
- v) Shall establish arrangements:
 - a. to allocate internal audit assignments according to the level of and proficiency of internal audit staff;
 - b. to ensure that internal auditors clearly understand the responsibilities and internal audit objectives;
 - c. to communicate the scope of work to be performed and agree the program of work with each internal auditor;
 - d. to provide and document evidence of adequate supervision, review and guidance during the internal audit assignment;
 - e. to ensure that adequate working papers are prepared to support internal audit findings and conclusions; and
 - f. to ensure that internal audit's performance is in accordance with the internal audit plan or that any significant variations have been explained;
- vi) shall establish arrangements to evaluate the performance of the internal audit unit in which he gives an assessment of how effectively the objectives of the function have been met;
- vii) shall carry out independent appraisal of the effectiveness of the policies, procedures and standards by which the company's financial, physical and information resources are managed;
- viii) shall act as facilitator in business risk management;
- ix) shall manage regulatory risks and controls for the assigned regulation, law or line of business to ensure compliance with applicable laws and regulations;
- x) shall work with management to ensure a system is in place which ensures that all major risks of the company are identified and analyzed;
- xi) shall plan, organize and carry out the internal audit function including preparation of audit plan, scheduling, assigning work and estimating resource needs;
- xii) shall report to both the Audit Committee and the management on the policies, programs and activities of internal audit department;
- xiii) shall co-ordinate coverage with the external auditors and ensure that each party is not only aware of the other's work but also well briefed on areas of concern;
- xiv) shall make recommendations on the systems and procedures being reviewed, report on the findings and recommendations and monitor management's response and implementation;

- xv) shall review and report on the accuracy, timeliness and relevance of the financial and other information that is provided for management;
- xvi) shall conduct any reviews or tasks requested by the audit committee and management provided that such reviews and tasks do not compromise the independence or objectivity of the internal audit function;
- xvii) shall provide both the management and the audit committee with an opinion on the internal controls in the company; and
- xviii) shall monitor and evaluate operations, programs, processes and / or practices for quality and effectiveness and to make recommendations for improvement.

REPORTING AND FOLLOW-UP:

Internal audit reports provide a formal means of communicating to management the results arising from audit undertaken. Such reports should include audit findings, recommendations and conclusions relating to the adequacy of and compliance with the system of internal control and the efficiency, effectiveness and economy of operations in the area covered by the audit. The aim of every internal audit report should be:

- a) to prompt management action to implement recommendations for change leading to improvement in performance and control; and
- b) to provide a formal record of points arising from the internal audit assignment and, where applicable, of agreements reached with management.

The Head of Internal Audit and Compliance should produce clear, constructive and concise written reports based on sufficient, relevant and reliable evidence, which should:

- a) state the scope, purpose, extent and conclusions of the internal audit assignment;
- b) make recommendations which are appropriate and relevant, and which flow from the conclusions; and
- c) acknowledge the action taken, or proposed, by management.

Internal audit evidence is information obtained by an internal auditor which enables conclusions to be formed on which recommendations can be based. The Internal auditor shall determine what evidence will be necessary by exercising judgment in the light of the objectives of the internal audit assignment. This judgment will be influenced by the scope of the assignment, the significance of the matters under review, the relevance and the reliability of available evidence and the cost and time involved in obtaining it. The collection and assessment of internal audit evidence shall be recorded and reviewed to provide reasonable assurance that conclusions are soundly based and internal audit objectives achieved.

While the Head of Internal Audit and Compliance may clear minor matters which do not indicate a consistent or systematic weakness with members of staff directly involved, matters of consequence should be reported formally in writing to management and the Audit Committee.

The Head of Internal Audit and Compliance should ensure that reports are sent to the Audit Committee as well as to the managers who have a direct responsibility for the unit or function being audited and who have the authority to take action on the internal audit recommendations.

It is management's responsibility to ensure that proper consideration is given to internal audit reports. The Head of Internal Audit should ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. The status of implementation, in respect of matter of consequence, so determined should be reported to the appropriate levels of management and to the Audit Committee to enhance internal audit effectiveness.



COMPANY SECRETARY'S DUTIES & RESPONSIBILITIES

1. Arrange Board meeting with the consent of the Chairman of the Board and the Managing Director and also arrange General meeting of the shareholders as and where necessary.
2. Ensure timely circulation of notice and Board working papers to the Directors for Board meeting.
3. Ensure recording of minutes of the Board meeting and that of the General meeting of the shareholders.
4. Provide guidance and activities to the Board Members in discharging their duties and responsibilities under the rules and regulations to which they are subject.
5. Sign contracts, agreements and lease documents on behalf of the Company.
6. Circulate the relevant part of the decisions of the Board to the respective officials of the Company for implementation.
7. Arrange to keep records and documents related to Board meeting and General meetings of the shareholders.
8. Direct and provide functional guidance to the sub-ordinate officials in performing their responsibilities.
9. Carryout Annual Performance Appraisal of the employees under control.
10. Evaluate performance targets fixed by the Board from time to time.
11. Ensure maintenance of good corporate governance through monitoring, advice and reporting.
12. Arrange publication of "Price Sensitive Information" in the press media and circulation of Annual Reports in timely manner.
13. Arrange timely submission of statutory and regulatory reports and ensure compliance.
14. Carryout any other duties as directed by the Management from time to time.

CODE OF CONDUCT FOR THE BOARD

The Board of Directors' key purpose is to ensure the Company's prosperity by collectively directing the Company's affairs and meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, Boards of Directors must deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics.

This Code of Conduct for the Chairperson, other Board Members and Chief Executive Officer has been framed and adopted by the Company in compliance with the requirements of the Condition 1(7) of Corporate Governance Code vide Notification No. BSEC/CMRRCD/2006-158/207/ Admin/80 dated 3 June 2018 of Bangladesh Securities and Exchange Commission.

This Code is intended to provide guidance to the Chairperson, other Board members and Chief Executive Officer to manage the affairs of the Company in an ethical manner. The Company confirms its desire to lead and promote good ethical behavior and corporate governance and the purpose of this code is to recognize and emphasize upon the ethical behavior and to develop a culture of honesty and accountability.

Applicability

This Code shall be applicable and binding on the Chairperson, other Board Members and Chief Executive Officer of the Company. They will continue to comply it with other applicable/to be applicable policies, rules and procedures of the Company.

Principles of the Code

The Chairperson, other Board Members and Chief Executive Officer of the Company shall act within the authority conferred upon them, in the best interests of the Company.

Code of Conduct

1. Prudent conduct and behavior

- The Chairperson, other Board Members and Chief Executive Officer shall act honestly, ethically, in good faith and in the best interest of the Company.
- Whilst carrying out the duties, the Chairperson, other Board Members and Chief Executive Officer shall ensure that it is executed in terms of the authorizations granted and within the limits prescribed under the relevant policies, codes, guidelines and other directives issued by the Board of Directors of the Company, from time to time.
- The Chairperson, other Board Members and Chief Executive Officer shall be free from exercising in any discriminatory practice or behavior based on race, color, sex, age, religion, ethnic or national origin, disability or any other unlawful basis.
- The Chairperson, other Board members and Chief Executive Officer shall conduct themselves in a professional, courteous and respectful manner and shall not take any improper advantage of their position.
- The Chairperson, other Board Members and Chief Executive Officer shall use the Company's assets, property, proprietary information and intellectual rights for business purposes of the Company and not for any personal benefits or gains.

2. Confidentiality

- The Chairperson, other Board Members and Chief Executive Officer should conduct themselves to meet the expectations of operational transparency of the stakeholders while maintaining confidentiality of information in order to foster a culture conducive to good decision making. “Confidential information” includes, amongst others, all information of the Company not authorized by the management of the Company for public dissemination.
- All confidential information must be held in confidence, unless authorized by the Board or otherwise permissible in accordance with this Code; or the same is part of the public domain at the time of disclosure; or is required to be disclosed in accordance with applicable laws.

3. Conflict of interest

- The Chairperson, other Board Members and Chief Executive Officer shall not enter into any transaction which is or may likely to have a conflict with the interest of the Company.
- The Chairperson, other Board Members and Chief Executive Officer should disclose to the Board whether they directly, indirectly or on behalf of third parties have a material interest in any transaction or matter directly affecting the Company.
- All transactions having conflict of interest should be carried out in accordance with law and be fully disclosed to the Board of Directors.

4. Compliance with Laws, Rules and Regulations

- The Chairperson, other Board Members and Chief Executive Officer shall ensure compliance with the various legal/regulatory requirements as applicable to the business of the Company and endeavor that before any directions are given or decisions taken, relevant legal/regulatory requirements are considered.

5. Prohibition of Insider Trading:

- The Chairperson, other Board Members and Chief Executive Officer shall comply with all laws, rules, and regulations governing trading in the shares of the Company and the Company’s Code of Conduct for Prohibition of Insider Trading in dealing with the securities of the Company which, inter-alia, prohibits buying or selling of the Company’s securities on the basis of any unpublished price sensitive information and prohibits disclosure of such information to any other person (including relatives) where such information may be used by such person for his or her personal benefit or gain.
- The Chairperson, other Board Members and Chief Executive Officer should comply with the provision of the Companies Act, 1994 and applicable rules and regulations issued by the Bangladesh Securities Exchange Commission, AIM of London Stock Exchange, Dhaka Stock Exchange and Chittagong Stock Exchange, insofar as they relate to prohibitions on insider trading.

6. Relationship with Environment:

- The Chairperson, other Board Members and Chief Executive Officer should cause the Company to strive to provide a safe and healthy working environment and comply, in the conduct of the business affairs of the Company, with all regulations regarding the preservation of the environment of the industry it operates in.
- The Company should be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment in accordance with the applicable laws.

7. Relationship with Employees:

- The Chairperson, other Board Members and Chief Executive Officer should strive for causing the Company to maintain cordial employee relations.
- The Chairperson, other Board Members and Chief Executive Officer should cause the Company to build competency based human resource systems and maintain human resource policies that have been directed at managing the growth of the organization efficiently.
- The Chairperson, other Board Members and Chief Executive Officer should assist the Company in further aligning its human resource policies, processes and initiatives to meet its business needs.

8. Relationship with Customers:

- The Chairperson, other Board Members and Chief Executive Officer should ensure that the Company is committed to supply products and services of the highest quality standards backed by efficient after-sales service consistent with the requirements of the customers to ensure their total satisfaction.
- The Chairperson, other Board Members and Chief Executive Officer should ensure that Company will properly engage in product advertising, publicity, and sales promotion activities to avoid misleading the customers.
- The Chairperson, other Board Members and Chief Executive Officer should ensure that the Company will engage in free and open competition with competitors to maintain its stance as a company trusted by customers and society.

9. Relationship with Suppliers:

- This Code contains general requirements applicable to all suppliers to Company. Supplier contracts may contain more specific provisions addressing some of these same issues. Nothing in this Code is meant to supersede any specific provision in a particular contract, and to the extent there is any inconsistency between this Code and any other provision of a particular contract, the other provision will prevail.
- The Chairperson, other Board Members and Chief Executive Officer should act in the best interest of the Company. Accordingly, the Chairperson, other Board Members and Chief Executive Officer should have no relationship, financial or otherwise, with any supplier that might conflict, or appear to conflict, with the Chairperson, other Board Members and Chief Executive Officer's obligation to act in the best interest of Company.

10. Independency

- The Chairperson, other Board Members and Chief Executive Officer should remain independent in all material aspects.
- The Chairperson, other Board Members and Chief Executive Officer should act impartial to the Employees, Customers, Suppliers, Shareholders and other Stakeholders.

11. Receiving Gifts

- No Board Member shall receive any gift, hospitality or favor offered or tendered by virtue of the position with the company.
- When dealing with public officials whose responsibilities include the business of the company, acts of hospitality should be of such a scale and nature so as to avoid compromising the integrity or reputation of either the public official or the company.

12. Cooperation with Auditors

- Every Board Member is expected to comply promptly with any request from internal and/or external auditors for assistance and to provide full disclosure of any situation under investigation.

Compliance with the Code

This Code has not specifically addressed every potential form of unacceptable conduct and it is expected that the Chairperson, other Board members and Chief Executive Officer will exercise good judgment in compliance with the principles set out in this Code. The Chairperson, other Board members and Chief Executive Officer have a duty to avoid any circumstances that would violate spirit of the Code.