

	<b>The Hub Power Company Limited</b>	<b>Conflict of Interest</b>
	<b>Approved by Board on 18 February 2014</b>	

### **Introduction**

It is Hubco's policy that employees avoid any conflict between their own interest and the interests of the Company, in dealing with suppliers, customers, and all other organizations or individuals doing or seeking to do business with the Company. The policy also requires employees to avoid personal activities and financial interests, which could conflict with their commitment to their jobs.

This policy is applicable for procurement and businesses except donations.

### **What it covers**

The following situations could be considered as in conflict with own interest and the interests of the Company:

- Any personal interest, direct or indirect, which might affect or be perceived to affect the impartiality of any employee in any matter relating to their job.
- Working with a business outside Hubco that is in competition with any Hubco's business.
- Accepting a gift that does not meet the standards of Hubco's Gifts and Business Entertainment policy.
- Having a direct or indirect financial interest in or a financial relationship with competitor, supplier or customer (except for insignificant shares held in listed public companies).
- Taking part in any business decision involving a company that employs your spouse or family member.
- Having a second job or consulting relationship that affects your ability to satisfactorily perform your job duties.
- Receiving personal discounts or other benefits from suppliers, service providers or customers that are not available to all employees.
- Receiving personal honoraria for services you perform that are closely related to your work at Hubco. Your supervisor should approve occasional honoraria e.g. teaching at evening program of college / university.

The above list is not exhaustive and it is not possible to enumerate all situations that could lead to potential conflict of interest. Hence there may be situations which would appear justifiable but may involve a conflict of interest and should therefore be carefully weighed.

### **Procedures to follow**

- Employees should declare conflict of interest to their immediate manager or head of the department in writing.
- When a manager receives such a declaration he should acknowledge it in writing and may ask the employee to have no further role in the transaction, on the grounds of such an interest. Any manager becoming aware of such an interest, which has not been disclosed to him, should report immediately to his head of the department.
- In addition, employees are expected to devote their working hours to discharging their duties to the Company under the terms of their employment. An employee's outside interests must not become detrimental to the Company by its nature (e.g. Active trading with a competitor, supplier or with Hubco itself) or due to the employee's involvement during working hours. If in doubt about accepting involvement in any outside interest, seek advice of your line management.
- Where an employee's interest does become detrimental, the matter should be referred to the employee's head of the department in accordance with normal disciplinary procedures.
- Declarations of interest shall be made available to the head of the department.

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All directors will excuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board Audit Committee shall resolve any conflict of interest question involving the Chairman, CEO or a director, and the CEO shall resolve any conflict of interest issue involving any other employee of the Company.

Waiver should be obtained from BAC where the amount involved exceeds Rs. 10 m. In case the amount is below Rs. 10 m the waiver should be requested from CEO.

If an employee wishes approval for an exception or if an employee is in doubt about the acceptability of any situation, he should communicate full circumstances to the Head of Internal Audit through his Department Manager. The Head of Audit will review the case, obtain Legal Department's opinion where necessary and refer it to the CEO. The CEO will make a final decision in writing. Written CEO's approval assures appropriate management awareness of the circumstances and provides the employee with documentation of disclosure. A copy of the written decision will be placed in the employee's personnel file.

Where any goods or services are obtained from any company or organization in which the Board Members, directors or any employee or their immediate family has a beneficial interest, the Chief Executive should be asked to endorse the requisition. He may report details of these transactions to the Board in his next report. Should it be necessary to increase the value of such orders, these may be reported to the Board in advance of any commitment.