

ELPITIYA PLANTATIONS PLC

POLICY ON ANTI-BRIBERY AND CORRUPTION (Version 1.0)

(FOR INTERNAL USE ONLY)

Policy Reference No. ...

TABLE OF CONTENTS

1.0 INTRODUCTION..... 3

2.0 OBJECTIVE 3

3.0 DEFINITIONS 3

4.0 KEY PRINCIPLES..... 5

5.0 POLICY IPLEMENTATION MECHANISM..... 6

6.0 RESPONSIBILITIES 8

7.0 POLICY OWNERSHIP, CUSTODIANSHIP AND REVIEW 12

1.0 INTRODUCTION

Elpitiya Plantations PLC being a Listed Entity in terms of Section 7 of the Continuing Listing Rules of the Exchange which has its securities listed on the Main Market Segment of the Exchange is required to comply with Section 9 on Corporate Governance of the Listing Rules issued by the Exchange and articulate its policy towards maintaining zero tolerance for any form of bribery and corruption.

2.0 OBJECTIVE

To satisfy and comply with the requirements under Rule 9.2.1 (l) supplementary to Rule 9.2.1 (e) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees), Rule 9.2.1 (f) Policy on Risk Management and Internal Controls and Rule 9.2.1 (k) Policy on Whistleblowing of the Rules and to adopt the best practices set out in the Code of Best Practice on Corporate Governance published by the Institute of Chartered Accountants of Sri Lanka.

3.0 DEFINITIONS

‘Articles of Association’	means the Article of Association of the Company
‘Advantage’	means the gain of any commercial, contractual, regulatory or personal gratification by unlawful and/or , illegal and/or unethical means
‘Board’	means the Board of Directors of the Company and includes its chairperson.
‘Bribery’	means the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust in order to gain an advantage.
Collusive Practice’	Means an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party.
‘Committee’	means the Board Audit Committee of the Company
‘Company’	means Elpitiya Plantations PLC
‘Company Secretary’	means the Company Secretary of the Company
‘Corruption’	means the abuse of entrusted power, position and/or trust to get an improper advantage or gain, giving or receiving of any gratification or reward of any value for performing a task in relation to the person’s job profile/job description.
‘Corrupt Practices’	means offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another person
‘Facilitation Payments’	means payment typically of low value made to a public official with the purpose of expediting or facilitating the performance of a routine governmental action.

‘Fraud’	means a wrongful or criminal act of deception intended to result in an advantage mostly stemming out of bribery and or corruption
‘Fraudster’	means a person committing a fraud
Fraudulent Practices’	means commission or omission to commit an act with the intention of misrepresentation of facts or circumstances calculated to mislead a person in order to obtain a financial or other benefit or to avoid an obligation
‘Gratification’	means <ul style="list-style-type: none"> a) Money or any gift, loan, fee, reward, commission, valuable security or other property or interest in property of any description, whether movable, intangible and unreal or immovable; For the purposes of this definition. b) Any office, employment or contract. c) Any payment, release, discharge, remission or liquidation of any loan, obligation or other liability whatsoever whether in whole or in part. d) Sexual favor. e) Any other service, favor or advantage of any description whatsoever including protection from any penalty or disability incurred or apprehended from any action or proceedings of a disciplinary or penal nature, whether or not already instituted including the exercise, or the forbearance from the exercise of any right or any official power or duty. f) Any offer, undertaking or promise of any gratification within the meaning of a), b), c), d) or e). g) or any other offering of whatsoever nature which is considered as gratification or hospitality under the laws of Sri Lanka
‘Money’	includes currency which is in digital or virtual form recognized as legal tender, whether or not such currency is recognized in Sri Lanka.
‘Person’	means both natural and legal persons.
‘Person Accountable’	means a person who is responsible and/or has an obligation for identifying, mitigating and managing bribery and corruption related risks associated with transactions with the Company
‘Personnel’	means all Directors, Consultants, and Employees (including those in the permanent cadre, on probation, temporary or on a fixed term contract) of the Company, and individuals (including trainees, employees on secondment basis, casual workers, agency staff, interns and such other individuals attached to, working for and/or representing the Company in any manner for the Company) acting as a Person Accountable for the Company
‘Policy’	Means the Ant Bribery and Corruption Policy of the Company.

‘Responsible Officer’	means an officer or officers upon whom the Board confers the authority and has entrusted the responsibilities of reviewing this Policy, issuing a copy of its Policy to a shareholder who submits a written request therefor and for doing such other and further things required to practice and maintain principles of Good Governance within the Company
‘Third Parties’	means all of the Company’s non-controlled interest, groups, collectively including actual and potential, clients, customers, business partners, suppliers, contractors, distributors, consultants, advisors, third party agents, third party introducers, referrers, persons acting in a fiduciary capacity, government and public bodies, including their advisors and joint venture partners, representatives’ officials, politicians and political parties involved in any operations of the Company
‘Weak Internal Controls System’	means a weak governance structure and poor or no processes in place and/or absence of uniformity in processes followed with regard to carrying out activities of the Company.

4.0 KEY PRINCIPLES

4.1 Identification of the environment conducive for Bribery and Corruption

4.1.1. Bribery and corruption usually occur based on a person’s tendency and willingness to use illegal, unlawful or unethical means to maximize his/her their personal or corporate advantage.

4.1.2. An environment conducive for bribery and corruption is an environment that does not prevent or discourage a person from engaging in bribery and corruption and an environment without any checks, controls and a Code for ethical behavior.

4.2 Identification of the key contributory factors

Bribery and corruption usually result from a combination of:

4.2.1 Aspect

The aspect may be the motivation based on either greed or the need of the person committing the bribery and corruption.

Greed continues to be the main cause of fraud stemming from bribery and corruption in an environment conducive for same. The fraudster’s personality, knowledge, and temperament enable them to confidently commit frauds. There may also be the possibility that law abiding persons too may be induced by non-law-abiding persons by association to commit acts of bribery and corruption.

4.2.2 Motive
The intention to exploit the weak internal control system within the Company and committing certain dishonest and/or irregular acts for advantage.

4.2.3 Cause
Bribery and corruption may also be caused due to lack of knowledge and awareness of applicable laws and regulations and of the potential consequences impacting the professional image and reputation.

4.3 Identification of ‘justification’ provided by persons committing acts of bribery and corruption.

Some who commit acts of bribery and corruption may rationalize their acts as:

- a) Necessary - especially when done for the business;
- b) Harmless - because the victim is large enough to absorb the impact;
- c) Justified - because ‘the victim deserved it’ or
- d) ‘because I was mistreated’.

4.4 Identification of risk factors faced by the Company owing to bribery and corruption

Due to weak internal controls system, the Company is exposed to various types of risks, including:

- a) Financial Risk,
- b) Reputational Risk
- c) Operational Risk,
- d) Legal Risk
- e) Regulatory Risk,
- g) Strategic Risk,
- f) Disclosure /Non -disclosure Risk

4.5 Application of this Policy

This Policy applies to all Personnel of the Company who shall be committed to prevent and mitigate bribery and corruption within and across the Company in compliance with Anti-Bribery and Anti-Corruption Laws of the country.

5.0 POLICY IPLEMENTATION MECHANISM

5.1 The Company shall facilitate the implementation of this Policy by:

- 5.1.1 establishment of appropriate reporting lines for identifying, reporting and addressing acts of bribery and corruption and identifying the personnel having oversight thereof
- 5.1.2 establishment and implementation of internal controls including additional Policies Standards, Procedures, Directives, Guidelines and such other documented operational processes deemed appropriate and/or necessary and/or supplementary to support and strengthen the Key Principles of this Policy whether mandated under the Rules or otherwise and of other Policies that are or shall be in place supporting Corporate Governance .
- 5.1.3 causing especially, the formulation establishment and implementation of a formal procedure for Personnel to prevent, detect and handle allegations of bribery and corrupt practices against and within the Company enhancing transparency, increased accountability and ethical conduct.
- 5.1.4 coordinating and ensuring continuous education on prevention of bribery and corruption.
- 5.1.5 continuous review and improvement of all Policies, Standards, Procedures, Directives, Guidelines and such other processes containing instructions of a similar nature referred to in Clause 5.1.1. and 5.1.2 above.

5.2 Reporting actual or suspected violations of this Policy

5.2.1 By any Person Accountable (as the primary source of communication)

Upon becoming aware of any actual or suspected act in contravention of this Policy or any process established under this Policy or an act defeating the intention hereof, shall forthwith inform the Chairman of the Committee in terms of the Company's Whistleblowing Policy

5.2.2 By any other source of communication

Complaints shall be directly forwarded to the Chairman of the Committee immediately without negligence and under 'Strictly Confidential' cover. Any Identified or anonymous report shall be treated with utmost confidentiality.

5.2.3 Any violations of the Policy implementation process shall be reported to the Committee

5.2.4 The head of the Internal Audit Department of the Company and/or the Group Internal Auditor shall be vested with the authority to conduct all investigations on any matter falling under the purview of this Policy.

6.0 RESPONSIBILITIES

6.1 The Company

6.1.1 To ensure

6.1.1.1 compliance by the Company, with Section 9 as regards the adoption of anti-bribery, anti-corruption and anti-fraud measures across the Company by facilitating creation within the Company of an environment which does not promote, encourage, ignore and/or complements an environment conducive for bribery corruption and fraud.

6.1.1.2 that the system of internal controls for operational convenience referred to in Clause 5 above are in place and implemented through practical and effective mechanisms across the Company.

6.1.1.3 that processes referred to in Clause 5 above include measures for avoidance and management of Conflict of Interest.

6.1.1.4 that the Company's Internal Codes of Business Conduct and Ethics for all Directors and Employees shall include measures to prevent:

- i) directly or indirectly giving, offering, promising, accepting, requesting or authorizing an advantage howsoever small,
- ii) providing or accepting benefits including gifts, hospitality, entertainment, meals, travel/accommodation, training or other things of value which are contrary to and impede measures to practice anti bribery and corruption measures.
- iii) providing or offering any gifts or benefits in circumstances where it is known or suspected that the recipient cannot accept same pursuant to law or to any duties/obligations that such recipient owes to others.
- iv) making charitable or community donations or sponsorships which are contrary to the Company policy and/or contravenes the Articles of Association
- v) entering into or continuing a business relationship with a third party despite the knowledge that such third party's behaviour in the matter concerned will be

inconsistent with and/or contrary to the Company policy.

- vi) engaging in or making a payment to a third party, knowing or suspecting that such third party may use or offer all or a portion of the payment directly or indirectly as a bribe, kickback, secret commission or other form of improper payment.
- vii) falsifying or mis-describing any book, record or account relating to business of the Company
- viii) engaging in corrupt practices of any form
- ix) engaging in fraudulent practices.
- x) engaging in collusive practices
- xi) engaging in an obstructive practice which is deliberately destroying, falsifying, altering or concealing of evidence material to an investigation or making of false statements to investigators.
- xii) engaging in a coercive practice which would impair, harm or threaten to impair or harm directly or indirectly any person or the property of any person to influence improperly, the actions of that person.
- xiii) preventing / abating / restraining other Personnel from duly performing official duties through influence of corrupt conduct.
- xiv) causing or authorizing any of the above which is inconsistent with, contrary to and prevents the implementation of this Policy

6.2 The Board
6.2.1 To ensure

- 6.2.1.1 establishment of the Committee with a specific Terms of Reference which includes the power and authority to exercise oversight on matters relating to bribery and corruption.
- 6.2.1.2 approval of the Policy on recommendation of the Committee
- 6.2.1.3 establishment of a robust internal controls systems to prevent bribery and corruption.

- 6.2.1.4 approval of standards of Risk appetite recommended by the Committee.
- 6.2.1.5 that the Chairperson of the Committee is empowered and entrusted with the task of receiving and taking appropriate steps pursuant to complaints related to bribery and corruption whether communicated through the Company's Policy on Whistleblowing or otherwise.
- 6.2.1.6 that the Company Secretary or the Responsible Officer is conferred with the authority to furnish a copy of this Policy to any shareholder who submits a written request therefor, to authorize and confer upon the Company Secretary or the Responsible Officer the authority to do such things required to practice and maintain principles of Good Governance
- 6.2.1.7 that uniform practices and processes for operational convenience referred to in Clause 5 above are in place and implemented through practical and effective mechanisms across the Company

6.3 The Committee

- 6.3.1 Making Recommendations to the Board on Standards of Risk Appetite in relation to risks arising out of bribery, corruption and fraud in accordance with the Company's Policy on Risk Management and Internal Controls.
- 6.3.2 Making recommendations to the Board in respect of this Policy.
- 6.3.3 Reviewing the risk assessment report of the Company and presenting same to the Board to identify and understand the inherent bribery and corruption and fraud risks faced by the Company and to ascertain as to whether the internal controls in place are sufficient to mitigate such risks.
- 6.3.4 Overseeing the implementation of the Policy.
- 6.3.5. Focusing on potential issues and effectiveness of Anti Bribery and Corruption measures at the Company.
- 6.3.6 Striving to maintain zero tolerance for Bribery and Corruption and make recommendations to the Board regarding the status of risks faced by the Company ensuring that the Company's Whistle Blowing Policy is in place as a communication channel to raise complaints on bribery and corruption within or involving the Company.
- 6.3.7 Reviewing all reports received regarding Bribery and Corruption and instruct the Head of Internal Audit Department of the Company and /or the Group Internal Auditor of the Company to carryout fair and justifiable investigations.
- 6.3.8 Ensure that effective communications have been carried out with the Board, Regulators and Head of Internal Audit Department of the Company and/or the Group Internal Auditor of the Company as required when investigations are carried out and in the process of rectifying and/or taking remedial measures

6.4 The Company Secretary or the Responsible Officer

6.4.1 To Ensure

- a. that responsibilities set out under 6.1 to 6.3 in this Policy are complied with
- b. that an appropriate Terms of Reference is in place for the Committee which includes oversight on matter relating to bribery and corruption and are kept up to date to ensure good governance and to be in line with statutory and regulatory requirements.
- c. that all other responsibilities entrusted by the Board upon him/her are carried out in order to practice and maintain principles of Good Governance within the Company

6.1.2 Constant follow up on matters requiring compliance by the Committees established under Section 9 relevant to maintaining bribery and corruption free environment within the Company

6.5 Chief Human Resources Officer of the Company

6.5.1 shall oversee the relevance, applicability and implementation of this Policy for Personnel by facilitating relevant educational and training for Personnel on Anti Bribery and Corruption laws and Regulations at the point of on-boarding as well as at regular intervals thereafter.

6.5.2 shall ensure that new Personnel joining are made to understand and will sign off conformation that they have read and understood the Company's Policy on Anti-Bribery and Corruption and all processes thereunder and adherence to same.

6.5.3 Shall assist Head of Internal Audit Department of the Company and/or Group Internal Auditor in carrying out investigations

6.6 Head of Internal Audit Department of the Company and/or the Group Internal Auditor

6.6.1 Shall carry out periodic independent reviews to assess the internal controls structure of the Company and ensure its effectiveness.

6.6.2 Shall conduct investigations on reports on bribery, corruption and fraud as directed by the Committee, the Chairman of the Committee or otherwise and timely reporting with utmost confidentiality

6.7 Head of Compliance of the Company

6.7.1 Shall report identified non-compliant events in implementation of this Policy in accordance with the related processes established and implemented within the Company.

6.8 Head of Legal of the Company

6.8.1 Educating Personnel on governing applicable laws on bribery and corruption and the consequences thereof

6.8.2 Assisting investigations carried out.

6.9 Heads of Business Units and Line Management

6.9.1 Line management and Heads of Departments shall have the primary responsibility for educating Personnel on the prevention of Bribery and Corruption within and involving the Company and ensure compliance with this Policy and the processes established and implemented hereunder from time to time

6.10 Senior Management

6.10.1 Being accountable to set up and maintain a strong culture of honesty and integrity through leading by example.

6.10.2 Oversee the implementation of the internal control system with robust processes and controls

6.11 Personnel

6.11.1 To follow and act in strict compliance with the processes established and implemented within the Company with regard to the matters in the usual course of business of the Company especially including:

1. Payments
2. Receipts of money, goods, services, gifts, benefits
3. Gifts and complementary items
4. Concessions of any kind whether of monetary value or otherwise
5. Acceptance of gifts and entertainment expenditure
6. Facilitation Payments
7. Political Contributions
8. Charitable Contributions.
9. procurement process (identification, selection, and acquisition)
10. Lotteries and gift voucher schemes
11. Marketing and advertising

7.0 POLICY OWNERSHIP, CUSTODIANSHIP AND REVIEW

The ownership of this Policy is vested in the Board. This Policy shall be subject to an annual or sooner review if circumstances so warrant. The review shall be carried out by the Company Secretary or the Responsible Officer nominated by the Board to carry out such task, who shall also be the Custodian of this Policy, and is responsible for ensuring the security, accessibility, and accuracy of same.