

# POLICY ON ANTI-BRIBERY AND CORRUPTION



**ROYAL CERAMICS LANKA PLC**

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## POLICY ON ANTI-BRIBERY AND CORRUPTION

### 1. OVERVIEW

This Policy has been adopted by the Board of Directors of the Company in conformity with the Listing Rules to set out the principles for countering bribery and corruption and is designed to maintaining the utmost ethical standards and integrity in all business endeavors. It commits to eradicating corruption, building trust among stakeholders, and fostering a fair business environment.

### 2. DEFINITIONS

The following words and expressions shall have the respective meanings given against each such word unless such meanings are inconsistent with or repugnant to the subject or context:

“**Board**” means the Board of Directors of the Company;

“**Bribery**” means the offer, solicitation or acceptance of any gratification in contravention of any provision of Part III of the Anti-Corruption Act, No. 9 of 2023. Part III of the Anti-Corruption Act, No. 9 of 2023 is reproduced as Annexure 01 of this Policy.

“**Company**” means Royal Ceramics Lanka PLC and includes, when the context so requires, any subsidiary of Royal Ceramics Lanka PLC;

“**Corruption**” means a conduct, by which a person makes, demands or accepts, directly or through an intermediary, an offer or promise, gifts or any advantages with a view to accomplishing, delaying or not accomplishing an act entering directly or indirectly into the scope of functions in order to obtain or conserve a commercial or financial advantage, or influence a decision.

“**Director**” or “**Directors**” means a director or the directors (as the case may be) for the time being of the Company, including where the context so requires or admits, alternate directors, and the directors assembled at a Board meeting;

“**Employee**” or “**Employees**” means a person or persons employed by the Company including executive and non-executive staff;

“**Listing Rules**” means the Listing Rules of the Colombo Stock Exchange;

“**Policy**” means this policy on Anti Bribery and Corruption

“**Stakeholder**” means an internal and external parties that have working for or acting on behalf of Royal Ceramics Lanka PLC which includes all members of the Board of Directors, Heads of the Departments, Senior Managers, Managers, Assistant Managers, Executives and employees working at all levels including permanent, temporary and

contract employees; and trainees or interns of Royal Ceramics Lanka PLC as well as third parties including customers, suppliers, contractors, vendors, agents, consultants, representatives, distributors, joint venture partners and other external stakeholder(s) acting for or on behalf of Royal Ceramics Lanka PLC.

### **3. PURPOSE**

Royal Ceramics Lanka PLC is committed to maintaining the highest standards of integrity, honesty, and transparency in all its business practices. As part of the organizational commitment to ethical conduct and compliance, the organization have established this Policy on Anti-Bribery and Corruption in accordance with above commitments as well as in adherence to the applicable laws and regulations with a view to promote a culture of compliance. This policy outlines the organizational stance against corruption, bribery, and unethical behavior and provides guidelines for all stakeholders and any authorized representative of Royal Ceramics Lanka PLC on how to assess situations or circumstances that can or may be perceived to be improper, unethical or related to bribery and corruption.

### **4. SCOPE**

The policy, applicable to all stakeholders of Royal Ceramics Lanka PLC and, aims to establish ethical excellence, ensuring legal compliance, accountability, and transparency within the organization.

### **5. POLICY STATEMENT**

Royal Ceramics Lanka PLC adopts a zero-tolerance approach to any form of bribery and corruption, including bribery, embezzlement, extortion, fraud, or any other illegal or unethical conduct. The organization is committed to complying with all applicable anti-corruption and anti-bribery laws, regulations, and international standards in every country where it operates.

### **6. COMPLIANCE WITH LAWS AND REGULATIONS**

All stakeholders of Royal Ceramics Lanka PLC are expected to comply with all applicable anti-corruption, anti-bribery laws, regulations, and international standards.

This includes but is not limited to,

- Bribery Act No. 11 of 1954, Sri Lanka and its amendments.
- Anti-Corruption Act, No. 9 of 2023 and its amendments

## **7. RELATED POLICIES**

This Policy should be read in conjunction with Whistle Blowing Policy of 01<sup>st</sup> June 2019.

## **8. BRIBERY AND CORRUPTION**

No stakeholder of Royal Ceramics Lanka PLC shall directly or indirectly offer, promise, give, request, receive, or accept bribes, kickbacks, or any other form of corrupt payment or benefit.

Further it is prohibited to;

- Offering or suggesting a bribe, or consenting the offer or proposal of a bribe
- Paying bribes
- Soliciting or accepting a bribe to influence a decision, to obtain unauthorized access to confidential information, or to do or not to do a particular act
- Contracting a third party to any of the above acts
- Engaging vendors or suppliers who are known and or vulnerable for bribery and corruption
- Processing funds known to be or reasonably suspected of being the proceeds of bribery or corruption.
- Giving or offering bribes, kickbacks, or similar payment or consideration of any kind to a public official (means any executive, official, or employee of a Governmental Authority) to influence official acts or decisions of that person or entity.

## **9. GIFTS AND HOSPITALITY**

Gifts, entertainment, or hospitality provided or received must be reasonable, transparent, shall be offered in good faith and proportionate. Further Gifts, entertainment and corporate hospitality should not give rise to actual/real or perceived conflict of interest. They should not be used to obtain or give preferential treatment, influence decisions, or create obligations.

Any kind of gift or hospitality offered to obtain or give preferential treatment or influence a decision should be declared to the immediate superior while being refused. In case of a situation where money, or something of value, is being demanded and someone's health, safety or wellbeing is at risk, this policy advice to get respective individuals into safety precautions and immediately report to respective supervisor / Head of Human Resources (HHR) and to the Whistleblowing Committee.

## **10. FACILITATION PAYMENTS**

Facilitation payments are gratification or inducements to secure or expedite a routine function which one person shall be or is responsible for performing as part of his/her daily roles and responsibilities. The payments are usually small payments paid unofficially to expedite routine administrative processes. The company strictly prohibits facilitation payments, which are small, unofficial payments made to expedite routine actions or services. Stakeholders are prohibited to directly or indirectly offer, promise, give, solicit or accept, agree to accept, or attempt to obtain anything that might be regarded as a facilitation payment in any form.

## **11. NEPOTISM**

Nepotism, which refers to the favoritism shown to relatives or close associates, is strictly prohibited within the organization. Stakeholders should promptly disclose any potential conflicts of interest or instances of nepotism to their supervisor or to the appropriate designated person.

## **12. DONATIONS AND SPONSORSHIPS**

Donation is something contributed or given (in cash or in kind) by Royal Ceramics Lanka PLC as charity without expecting any advantages or returns.

Sponsorship is financial support given to an association, organization or event for branding display or other benefits in return.

Good judgement and due diligence must be exercised to assess the purpose and intention of the donation or sponsorship, and the reputation or status of the beneficiaries. All sponsorships or donations shall be offered and made transparently in accordance with Royal Ceramics Lanka PLC's Corporate Governance Instruments.

## **13. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

CSR is a self-regulated and ethics driven activity with the aim to ensure the sustainability of the society and the environment through voluntary activity.

CSR activities must be carefully examined and assessed for legitimacy and genuineness in not being carried out to improperly influence a business outcome and the proposed recipient must be a legitimate organization and the rightful recipient. There should be a transparent selection and decision-making process, with proper records kept in line with the procedures set out in the company and the activities are structured to ensure that the intended purpose is met, and benefits are extended to the intended recipient(s).

## 14. CONFLICT OF INTEREST

All Stakeholders have a contractual obligation and are accountable for decisions made or actions taken, which should always be in the best interest of Royal Ceramics Lanka PLC.

Conflict of interest arises when an individual's objectivity is compromised or perceived to have been compromised, and there is a conflict between his/her professional duties or responsibilities at Royal Ceramics Lanka PLC and his/her personal interest.

If any conflict of interest is identified, even if it is perceived or potential, the Stakeholder must immediately declare and report the situation(s) as referred in reporting lines detailed in Section 16 of this policy. Further the Stakeholder shall also take the necessary actions to immediately distance, or remove himself/herself from the situation.

## 15. DEALING WITH THIRD PARTIES

Before engaging or establishing business relationships with third parties, an appropriate level of due diligence must be performed and documented, proportionate to the associated risks. If "red flags" are detected during the due diligence, the assessor must escalate and resolve the issues with all the relevant functions and personnel before engaging the third party.

## 16. REPORTING AND WHISTLEBLOWING

All stakeholders have a duty to promptly report any known or suspected violations of this policy. Reporting can be done through Royal Ceramics Lanka PLC Whistleblowing Policy to the central point of contact mentioned therein (as follows).

<i>Event</i>	<i>Reported to</i>	<i>Telephone</i>	<i>Email</i>	<i>Address</i>
Disclosures concerning any employee, Stakeholder other than a Director	Deputy Chairman	0114 799400	<a href="mailto:wbpc@rcl.lk">wbpc@rcl.lk</a> or <a href="mailto:dpt.chairman@rcl.lk">dpt.chairman@rcl.lk</a>	Deputy Chairman, Royal Ceramics Lanka PLC, No.20, R. A. De Mel Mawatha, Colombo 03

<i>Event</i>	<i>Reported to</i>	<i>Telephone</i>	<i>Email</i>	<i>Address</i>
Disclosures concerning Executive Directors, Managing Director and /or a Non-Executive Directors	Chairperson of the Board Audit Committee	-	<a href="mailto:lalitdesw@gmail.com">lalitdesw@gmail.com</a>	Chairperson of the Board Audit Committee, Royal Ceramics Lanka PLC, C/o PW Corporate Secretarial (Pvt) Ltd., No. 3/17, Kynsey Road, Colombo 08.

## 17. RESPONSIBILITIES OF STAKEHOLDERS

- 17.1 The prevention, detection and reporting of any form of Bribery & Corruption are the responsibility of all stakeholders. All stakeholders must notify as per Royal Ceramics Lanka PLC Whistleblowing Policy as soon as possible if they are offered a bribe, are asked to make one, suspect that this may happen in the future, or believe that he/she is a victim of another form of unlawful activity.
- 17.2 All stakeholders must ensure that they read, understand, and comply with the information contained within this policy and are equally responsible for the prevention, detection, and reporting of bribery and other forms of corruption. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate and regular training on it.
- 17.3 The company management shall ensure that no one suffers any detrimental treatment (i.e. dismissal, disciplinary action, treats, or unfavorable treatment in relation to the concern the individual raised) as a result of refusing to accept or offer a bribe or other corrupt activities or because they reported a concern relating to potential act(s) of bribery or corruption.
- 17.4 Royal Ceramics Lanka PLC guarantees confidentiality and non-retaliation for individuals reporting in good faith. Any employee found engaging in retaliation against a Whistleblower will be subject to disciplinary action, up to and including termination.



## **18. CONSEQUENCES OF NON-COMPLIANCE**

An employee; who:

- a) Violates this Policy;
- b) Has direct knowledge of a possible violation of this Policy and fails to report it to Company management; or
- c) Misleads or hinders any investigation of a possible violation of this Policy;

will be subject to disciplinary action of the company, which may include termination of employment, termination of contracts, legal action, or any other appropriate remedies under the Law. Royal Ceramics Lanka PLC may also report suspected violations to relevant law enforcement authorities as applicable.

## **19. RECORD KEEPING AND INTERNAL ACCOUNTING CONTROL PROVISIONS**

Relevant Company Personnel must follow all applicable standards, principles, laws, regulations, and Company practices for accounting and financial reporting. In particular, Company Personnel must be timely, complete, and accurate when preparing all required reports and records.

It is the Company's policy to maintain accurate, reasonably detailed records that fairly reflect its transactions and disposition of assets, regardless of whether the transactions are domestic or international. Therefore, Company Personnel are prohibited from making any false or misleading statements in Company books and records for any reason.

## **20. TRAINING AND COMMUNICATION**

Royal Ceramics Lanka PLC will provide training and awareness programs to all employees, contractors, vendors, and stakeholders to ensure understanding, compliance, and continuous reinforcement of this policy. The organization will regularly communicate updates and changes to the policy as necessary.

## **21. REVIEW AND MONITORING**

- 21.1 The Management shall from time to time review this Policy, monitor its implementation to ensure continued effectiveness and compliance with regulatory requirements and shall make recommendations on any proposed revisions as may be required to the Board for its review and final approval.
- 21.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.