

# POLICY ON WHISTLEBLOWING



**ROYAL CERAMICS LANKA PLC**

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## POLICY ON WHISTLEBLOWING

### 1. PURPOSE

Royal Ceramics Lanka PLC is committed to the highest standards of ethical, moral and legal conduct in operating its businesses. In line with this commitment, this Whistleblowing Policy is primarily to provide a mechanism for employees to raise concerns where the interest of the organisation is at risk and is expected to provide a safe and acceptable way for staff to raise concerns with an assurance that they will be protected from reprisals and victimization.

This Policy applies to all employees working at all levels (whether on a permanent, casual, or fixed term employment contracts) within Royal Ceramics Lanka PLC.

### 2. OBJECTIVES

- To establish a Policy (the Policy) to ensure maintenance of high standards of Corporate Governance and to serve as a channel of corporate fraud risk management.
- To open a forum for employees to speak about their genuine concerns in relation to activities or potential activities which they feel are wrongful or illegal or otherwise harmful to the interests of Royal Ceramics Lanka PLC, its employees, customers and all other stake holders.
- To establish a mechanism to investigate and address such legitimate concerns / wrong doings and to mitigate risks arising therefrom.

### 3. DEFINITIONS

The following words and terms as used in this Policy shall unless the context clearly requires otherwise, have the respective meaning set below;

- 3.1 **‘Allegation/s’** shall mean accusation/s prior to such being proven.
- 3.2 **‘Good Faith’** shall mean the unequivocal belief in the veracity of the concern disclosed.
- 3.3 **‘Investigator’** shall mean the officer acting in conjunction with the Investigation Committee, Internal Auditor or specific persons specifically directed by the Audit Committee to carry out investigations under this Policy.
- 3.4 **‘Protected Disclosure’** shall mean any communication made in Good Faith by Personnel, based on reasonable grounds, that discloses or demonstrates an intention to disclose information that may evidence a Wrongdoing or Improper Conduct.
- 3.5 **‘Investigation Committee’** shall mean an independent committee appointed by the Audit Committee from time to time to investigate a Protected Disclosure.

- 3.6 **‘Affiliate’** shall mean any legal entity which is directly or indirectly controlled by or is under common control of Royal Ceramics Lanka PLC, the term "control" in relation to an entity, being the legal or beneficial ownership directly or indirectly of more than 50% of the voting securities or rights of such entity or controlling the majority of the composition of the board of directors or power to direct the management or policies of such entity by contract or otherwise. The term "controlling" and "controlled" shall be construed accordingly
- 3.7 **‘Company’** shall mean a legal entity within Royal Ceramics Lanka PLC to which the concern raised under this Policy is related.
- 3.8 **‘Central point of contact’** shall mean the person, who is a main board director of Royal Ceramics Lanka PLC, having the authority to make an initial assessment of the concern/allegation made by a Whistleblower.
- 3.9 **‘Policy’** shall mean this Whistleblowers’ Policy including any amendments thereto.
- 3.10 **‘Whistleblowing’** shall mean the deliberate, voluntary confidential disclosure of any concern encountered in the work place relating to a perceived Wrongdoing or Improper Conduct.
- 3.11 **‘Whistleblower’ or ‘Complainant’** shall mean a person who makes a Protected Disclosure under this Policy.

#### 4. SCOPE

The following is a non-exhaustive list of Wrongdoing or Improper Conduct which Royal Ceramics Lanka PLC considers as requiring Protected Disclosure under the scope of the Policy:

- 4.1 any type of fraud;
- 4.2 incorrect financial reporting, financial malpractice and improprieties in financial reporting internal control or other matters;
- 4.3 rendition of false returns;
- 4.4 falsification of records;
- 4.5 forgery;
- 4.6 leakage of confidential data;
- 4.7 bribery and corruption;
- 4.8 stealing/theft of Royal Ceramics Lanka PLC’s Assets/customer funds;
- 4.9 gross waste of Royal Ceramics Lanka PLC’s resources or intended destruction of property;
- 4.10 abuse of authority;
- 4.11 conflicts of interest without disclosure;

- 4.12 any other conduct which may cause loss to Royal Ceramics Lanka PLC, or otherwise be detrimental to the interests of the shareholders, customers and the public;
- 4.13 any concealment or suppression of information of any of the above;
- 4.14 any act or behaviour that would be detrimental to the reputation of Royal Ceramics Lanka PLC or its affiliates;
- 4.15 abetting or intending to commit any of the above.

This Policy does not require the Whistle blower to prove the truth of the allegations made but is required to raise such allegations in good faith and in an independent and unbiased manner. In other words, it is important that there should not be any frivolous allegations made by such Whistleblower to pursue a personal vendetta. The Whistleblower may also need to provide sufficient information for the Management to take appropriate steps. The Whistleblower shall not act on his/her own in conducting any investigative activities and he/she has no right to participate in any investigative activity unless requested to do so.

Where a concern is forwarded in good faith and any person who carries out or assists with the investigation or resolution of such concern under this Policy, the he/she /they shall not be at risk of suffering any form of victimization or retribution from the Company. However, allegations in bad faith may amount to misconduct warranting disciplinary action and /or including the right to recourse of law.

A Whistleblower is able to lodge concerns confidentially. Employees are not encouraged to make anonymous disclosures for the reason that it could make the investigation and the rectification procedure more difficult.

## **5. AUTHORITY FOR THE WHISTLEBLOWING POLICY**

- 5.1 Overall authority for this Policy is vested with the Chairperson of the Board Audit Committee.
- 5.2 Management has a specific responsibility to facilitate the operation of this Policy and ensure that Personnel feel free to raise their concern without fear of reprisals, as per the below mentioned procedure.
- 5.3 All Personnel are responsible for the success of this Policy and should ensure to disclose any Wrongdoing or Improper Conduct of which they become aware.

## **6. POLICY NOT TO BE USED WHEN –**

- 6.1 A person is dissatisfied or unhappy with his/her conditions of employment, for example wages, performance ranking, lack of promotion etc.

6.2 There are existing procedures in place which make it possible for a person to lodge a grievance/complaint.

## 7. PROCEDURE TO RAISE A CONCERN

7.1 An employee who reasonably believes or has grounds to believe that an act of malpractice or misconduct is about to take place, taking place or has taken place, should make a Protected Disclosure verbally or in writing, by letter or by email under confidential cover.

7.2 Central Point of Contact;

7.2.1 If the Protected Disclosure concerns an employee other than an Executive Director, the Whistleblower shall make such disclosure to the Deputy Chairman of the Company, who is the Central Point of Contact, who will report the matter to the Board Audit Committee on a quarterly basis.

7.2.2 If the Protected Disclosure concerns an Executive Director, the Managing Director and/or a Non-executive Director, the Whistleblower shall make such disclosure to the Chairperson of the Board Audit Committee.

7.2.3 The Protected Disclosure should be made to the Central Point of Contact, whose contact details are given below:

Event	Reported To	Telephone	Email	Address
<b>1. Disclosures concerning any employee other than a Director</b>	Deputy Chairman	0114799400	<a href="mailto:wbpc@rcl.lk">wbpc@rcl.lk</a> or <a href="mailto:dpt.chairman@rcl.lk">dpt.chairman@rcl.lk</a>	Royal Ceramics Lanka PLC No.20, R.A. De Mel Mawatha, Colombo 03.
<b>2. Disclosures concerning Executive Directors, Managing Director and/or a Non-executive Directors</b>	Chairperson on 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.

- 7.3 The concern should set out the background and history of the issue at hand, names, dates, places, together with the reasons pertaining to the concerns expressed.
- 7.4 Though it is preferable that employees refrain from making ‘anonymous’ disclosures, since this may hinder the investigation and the rectification procedure, if anonymity is preferred due to a valid reason, such disclosures may be entertained by the Central Point of Contact.
- 7.5 The concern/s raised shall be presented by the “Central point of contact” to the “Investigation Committee”. This committee comprises of Royal Ceramics Lanka PLC’s Managing Director, Head of Finance, Head of Human Resources and Chief Internal Auditor. If necessary, the Central Point of Contact may re-constitute the Investigation Committee for a specific Protected Disclosure.

## **8. INVESTIGATION COMMITTEE**

- 8.1 The Board Audit Committee on the recommendation of the Managing Director of Royal Ceramics Lanka PLC can fill any vacancy of the Investigation Committee.
- 8.2 The Investigation Committee at its discretion may from time to time review and propose amendments to this Policy which will take effect after concurrence is received by the Chairman of the Board Audit Committee of Royal Ceramics Lanka PLC.
- 8.3 A quorum of 3 members is required to be present for the proceedings to take place.
- 8.4 A committee member shall cease to be a member of the Committee forthwith on the occurrence of any of the following events.
- Resignation from the Committee by written notice to the Company.
  - Removal by notice in writing by the Chairman and MD of, ROCELL PLC for just and reasonable cause
  - Ceasing to be an employee of the company
  - On death or any legal incapacity
- 8.5 If the complaint is against an Investigation committee member or if there is a conflict of interest that shall be known before or at any time during the inquiry with any committee member he/she will immediately step down from the Investigation Committee and Chairman of the Audit Committee of Royal Ceramics Lanka PLC will appoint a suitable replacement. In the event the member is cleared of all charges, he/she will be immediately reinstated.

## **9. INVESTIGATION COMMITTEE RESPONSE**

Once a concern is raised, the following steps will be taken:

- 9.1 Receipt will be acknowledged if the whistleblower is known.
- 9.2 Investigation Committee will proceed to make an initial assessment and decide on one of the following actions as appropriate.
  - i. To be investigated internally by an internal inquiring committee appointed in the manner described hereunder;
  - ii. To be referred to the Police or any other legal authority where such concerns discloses information of a criminal nature;
  - iii. To be referred to the internal or the external auditors;
  - iv. To be the subject of an independent inquiry by the investigator.
- 9.3 The Whistleblower will be provided with feedback on actions taken if s/he has so requested. However, it must be noted that the Investigation Committee may not be able to make full disclosure where an infringement of a duty of confidentiality to another person could occur, or where the information is sensitive so as not to be able to make full disclosure which otherwise would have been made.

## **10. OBJECTIVES OF INVESTIGATION**

The Investigation Committee shall be under an obligation to meet the following objectives of an investigation:

- 10.1 To collate information relating to the Protected Disclosure in an expeditious manner, including steps to protect and preserve documentation, information, materials and equipment.
- 10.2 To consider the information collected and draw conclusions in an objective and impartial manner.
- 10.3 To maintain procedural fairness in the treatment of witnesses and the person who is the Subject of the disclosure.
- 10.4 To protect the identity of the Whistleblower.
- 10.5 To make recommendations to the Investigation Committee, arising from the conclusions drawn concerning remedial or other appropriate actions.



## 11. IMPLEMENTATION

- 11.1 Where an initial concern/allegation is made, the Investigator will discuss the matter with the whistleblower. If s/he has a personal interest in the matter, s/he will be required to disclose this at the onset. Where the concern/allegation falls more appropriately within the Grievance Procedures, he will be advised accordingly.
- 11.2 If the Whistleblower has engaged in any Wrongdoing or Improper Conduct, a disclosure made under this Policy shall not guarantee immunity from the consequences thereof.
- 11.3 The Investigator shall prepare and hand over the statement of allegations to the person against whom the allegation(s) is/are made, immediately after the investigation/s and give him / her an opportunity to submit a written explanation if s/he so desires within 7 days of receipt of the same.
- 11.4 If the person/s against whom the concern/allegation is made desires any witness/es to be called, s/he shall communicate in writing to the Investigator the names of witness/es that s/he proposes to call.
- 11.5 The Investigator shall call upon all witnesses mentioned by the person/s against whom the concern/allegation is made and any other persons that the Investigation Committee may wish to obtain statements or evidence from.
- 11.6 The Investigator shall provide every reasonable opportunity to the person/s against whom the concern/allegation is made, to defend his/her case.
- 11.7 The Investigator shall complete the “Enquiry” within a reasonable period but not beyond three months and communicate its findings and its recommendations for action to the Head of Human Resources of Royal Ceramics Lanka PLC.
- 11.8 Head of Human Resources will direct appropriate action in accordance with the recommendations proposed by the Investigator.
- 11.9 In addition to setting up an Investigation Committee, the Audit Committee may request for further investigations to be performed by the Internal Auditor or other specific persons decided by the Board Audit Committee.

## **12. FINAL INVESTIGATION REPORT (“FIR”)**

- a) At the conclusion of the investigation, the Investigator shall submit the FIR of his/her findings to the Investigation Committee.
- b) The FIR should contain the following:
  - The Allegation/s and account of all relevant information received. If the Investigator has rejected any evidence as being unreliable, the reasons for forming such opinion.
  - The conclusion reached and the basis for the same.
  - Any recommendations arising from the conclusions.
  - The steps that are required to be taken by Royal Ceramics Lanka PLC to prevent the continuation of such conduct or the recurrence of such conduct in the future and any action that should be taken by Royal Ceramics Lanka PLC to rectify any loss or harm arising from the conduct, including disciplinary action.
- c) The FIR shall be accompanied by the following documents:
  - The transcripts or other records of any oral evidence.
  - All documents, statements or other exhibits received by the Investigator and accepted as evidence during the course of investigation. The FIR should not disclose particulars likely to lead to the identification of the Whistleblower.

## **13. DISCIPLINARY ACTION**

If the alleged wrong conduct or misconduct is substantiated then appropriate disciplinary action will be taken against the responsible individual(s) up to or termination of employment.

If a Whistleblower has any reason to believe that he or she is being subjected to Retaliation for having made a Protected Disclosure under this Policy, the Policy facilitates such Whistleblower to immediately report those facts to the Chairperson of the Audit Committee. Reporting should be done promptly to facilitate investigation and the taking of appropriate action. Any act of retaliation or victimization of the whistleblower if substantiated will result in disciplinary action, up to or termination of employment.

The malicious use of the whistleblowing policy will result in disciplinary action against the whistleblower, up to or termination of employment.

#### **14. RIGHT OF APPEAL**

If the Whistle blower or the party against whom the concern/allegation is made is not satisfied with the decision of the Investigation Committee, the unsatisfied party may appeal to the Chairman of the Audit Committee of Royal Ceramics Lanka PLC in writing within 10 days of the decision of the Investigation Committee who will respond within 14 days.

If no appeal is made within 10 days, the decision of the Company shall be final and conclusive.

#### **15. ONGOING REPORTING REQUIREMENTS**

The Investigation Committee is required to report all Protected Disclosures made, the status of all pending ongoing investigations, and any action taken or to be taken as a result of the investigations as well as the status of the follow up action taken to the Audit Committee. A report approved by the Audit Committee shall be submitted to the Board of Directors, if the outcome of the investigation substantiates fraudulent or unlawful activities, which have occurred within Royal Ceramics Lanka PLC.

#### **16. CONFIDENTIALITY**

Where the whistleblower wishes to raise a concern in confidence under this Policy and requests the Company to protect his/her identity, the Company will make its best efforts to do so unless the matters raised requires investigation by law enforcement agencies or is required to be taken up in a court of law where it may not be possible to resolve the matter without the disclosure of identity. In such a situation the Investigation Committee will discuss with the Complainant on how best to proceed.

In order not to jeopardize the investigation into the alleged malpractice or wrongdoing, the Whistleblower will also be expected to keep confidential the fact that a concern has been raised, the nature of the concern and the identity of those involved.

#### **17. REWARDING POLICY**

If the Protected Disclosure is proven correct and results in a determinable financial benefit to the company, the Board Audit Committee may recommend a reward to be given to the Whistleblower, to the Board of Directors.

An observation also will be made in the personal file of the Whistleblower if he agrees, which would be considered positively in future promotions of the individual.

## **18. RETENTION OF DOCUMENTS**

All Protected Disclosures in writing or documented along with the evidence and results of an investigation relating thereto shall be marked “CONFIDENTIAL” and shall be retained securely by the Managing Director of Royal Ceramics Lanka PLC and confidentiality of the same shall be strictly maintained. Royal Ceramics Lanka PLC ensures that there will be no opportunity for such Protected Disclosures and other related documentation to be tampered or destroyed in any way whatsoever pending investigation.

## **19. POWER TO ACCESS RECORDS AND PREMISES.**

The Investigator, with the prior knowledge and approval of the Investigation Committee, shall have:

- a) Free and unrestricted access to records and office premises as may be required; and
- b) The authority to examine, copy, and/or remove all or any portion of contents of files, desks, cabinets and other storage facilities.

The Investigator shall be accountable to the Investigation Committee therefor.

## **20. REVIEW OF THE POLICY AND AMMENDMENTS**

20.1 The Audit Committee shall be responsible for monitoring the effectiveness and compliance of the Policy, and the Policy shall be reviewed preferably once in three (03) years at a minimum or more frequently to ensure it remains relevant and effective.

20.2 The Audit Committee reserves its right to amend or modify this Policy, in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Personnel unless the same is notified in writing.