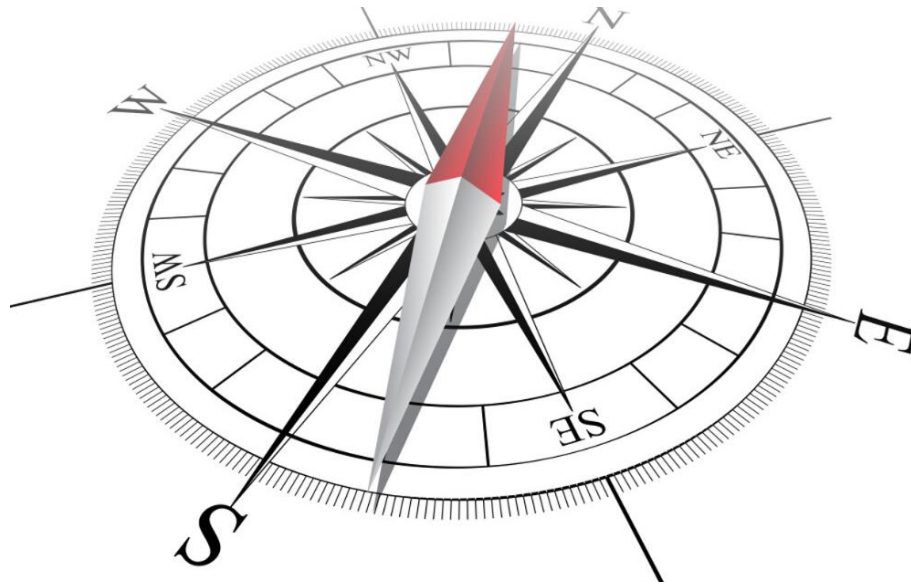


# UNION CHEMICALS LANKA PLC



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## CORPORATE GOVERNANCE POLICY

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SEPTEMBER 30, 2024

## CORPORATE GOVERNANCE

### INTRODUCTION

The Company has a defined governance structure across the Company. Company approach to corporate governance enables integrated thinking and decision-making that balances the achievement of our strategic priorities over time and reconciles the interests of the Company, stakeholders and society in creating and protecting sustainable shared value and guarding against value erosion in the short, medium and long term.

### STATEMENT OF COMPLIANCE

Towards a continuous stride in achieving a more cohesive and efficient approach to corporate reporting, Union Chemicals Lanka PLC has been compliant with the below mentioned rules and regulations declared by the regulators.

- Companies Act No 07 of 2007
- Rule No 7.6 and 9 of Listing Rules of CSE

Union Chemicals Lanka PLC has established and maintained the following policies & adhere to CSE listing rules in order to maintain a comprehensive and integrated structure to create the environment that enables the Company and its stakeholders to maintain rigorous standards of governance to achieve the strategic objectives.

- Policy on the matters related to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nomination and Re-election
- Policy on Remuneration
- Policy on Internal Code of Business and Ethics on all Directors and all employees including policies trading in the entity's listed securities
- Policy on Risk Management and Internal Controls
- Policy on Relations with Shareholders and Investors
- Policy on Environment, Social, Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investment
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

## POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS

### PURPOSE

The board of directors (the “Board”) of Union Chemicals Lanka PLC (the “Company”) recognizes the importance of good corporate governance and corporate social responsibility in promoting and strengthening the trust of its shareholders and all other, stakeholders; and believes proceeding in accordance with good corporate governance and corporate social responsibility practices.

The board shall conduct itself with the highest standard of ethics and proceed in accordance with the applicable laws and regulations, to add value to the shareholders and all stakeholders.

As per section 9.2.1 (a) & 9.5 of the Colombo Stock Exchange (CSE) corporate governance rules the listed entity shall establish and maintain a formal policy governing matters relating to the board of directors.

### BALANCE OF REPRESENTATION BETWEEN EXECUTIVE AND NON- EXECUTIVE DIRECTORS

The board recognize the need for a balance of representation between executive and non-executive directors and cover at minimum board composition, the roles and functions of the chairperson and chief executive officer or equivalent position hereinafter commonly referred to as the CEO or managing director, board balance and procedures for the appraisal of board performance and the appraisal of the CEO.

### BOARD COMPOSITION

The number of directors on the board shall not be less than 05 and not more than 09, subject to the statues. Board of directors and the CEO are appointed by the board, with the recommendation of the Board Nominations and Governance Committee, and with the relevant approvals.

### FREQUENCY OF BOARD MEETINGS

The board shall meet regularly and board meetings shall be held at least four times a year at approximately quarterly intervals. Such regular board meetings shall normally involve active participation in person of a majority of directors entitled to be present as required by the articles of association of the Company. Obtaining the board’s consent through the circulation of written resolutions/papers shall be avoided as far as possible.

### REQUIREMENTS ON TRADING IN SECURITIES OF THE LISTED ENTITY

Directors shall immediately inform the company secretary if they trade in securities of the listed entity. Directors shall not trade in listed entities securities within the stipulated time frames, as per section 8.6 Trading by connected parties in listing rule of the Colombo Stock Exchange.

## POLICY ON BOARD COMMITTEES

### PURPOSE

This policy is as per the Colombo Stock Exchange Corporate Governance rule 9.2.1 (b) & 9.3. Board Committees are the management framework that facilitates the board of directors of the Company to discharge their responsibilities, and will formulate appropriate checks and balances to ensure that the corporate governance process is upheld at all times through the board committees.

### BOARD COMMITTEES

As per CSE rule No. 9.2 (1) (b) & 9.3.1 on corporate governance board shall ensure that the following board committees are established and maintained at a minimum and are functioning effectively. The said board committees at minimum shall include:

- Corporate Governance & Nominations Committee
- Remuneration Committee
- Audit Committee
- Related Party Transaction Review Committee

### REQUIREMENTS OF COMMITTEES

Company shall comply with the composition, responsibilities and disclosures required in respect of the above-board committees as set out in the CSE rules. The composition and terms of reference will be drafted by each committee secretary as per the CSE rules on committees and recommended by the committee and approved by the Board.

The Chairperson of the board of directors of the Company shall not be the Chairperson of the Board Committees.

Terms of Reference will be drafted by each committee secretary of the relevant committees and with the Committee recommendation board will approve same.

## **POLICY ON CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION**

### **PURPOSE**

This policy is as per the Colombo Stock Exchange Corporate Governance rule 9.2.1 (C) & 9.3. Board Committees of Corporate Governance, nominations and re-election are the management framework that facilitates the board of directors of the Company to discharge their responsibilities, and will formulate appropriate checks and balances to ensure that the corporate governance process is upheld at all times through the board committees.

### **BOARD COMMITTEE**

#### **Appointment of Directors**

- The committee is responsible for identifying evaluating and recommending personnel for board positions. Therefore, the committee shall establish and maintain a formal and transparent procedure to evaluate, select and appoint /re-appoint directors of the Company.
- The committee shall take necessary steps to ensure that directors and CEO are fit and proper persons to hold office as specified in the regulations. In evaluating fitness and propriety of the persons referred to shall utilize the fit and proper assessment criteria set out in Rule 9.7.3 in the listing rules.
- Evaluate the appointment of directors to the board and board committees.
- Review the structure, size and the composition of the board and board committees with regard to effective discharge of duties and responsibilities.

#### **Re-election of Directors (Re - appointment)**

- The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the performance and contribution made by the director concerned towards the overall discharge of the board's responsibilities.
- When incumbent directors come up for re-election to ensure that such proposed appointees are fit and proper, to continue as directors.
- All directors should be required to submit themselves for re – election at regular intervals and at least once in every three years.

#### **Conflict of Interest**

Managing and addressing conflicts of interest among board members is essential to maintain transparency and trust within the board. A member of the nominations and governance committee shall not participate in decisions relating to his/her own appointment.

### **GOVERNANCE**

Periodically review and update the corporate governance policies a framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.

Receive reports from the management on compliance with the corporate governance framework of the entity including the entity's compliance with provisions of the SEC Act, listing rules of the exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.

Review and recommend the overall corporate governance framework of the Entity taking into account the listing rules of the exchange, other applicable regulatory requirements and industry/international best practices.

## COMPOSITION

The Committee shall be chaired by an Independent Director and preferably be constituted with a majority of independent directors.

Minimum No of directors in the committee to be 03 and the maximum 05; will not comprise of executive Directors. Quorum for the meetings to be 02 directors with a majority of independent directors.

The CEO and / or finance manager may be present at meetings by invitation.

Meetings to be held as and when required for the consideration of the key functions.

## BOARD OF DIRECTORS REMUNERATION POLICY

### PURPOSE

The Board Remuneration Committee will recommend to the board the directors remuneration policy of the key management personnel of the Company. The committee shall establish and maintain a formal and transparent procedure for developing a policy and a procedure on key management personnel remuneration and for fixing the remuneration package.

### REMUNERATION POLICY OF THE BOARD OF DIRECTORS

#### **Non-executive Board members.**

No remuneration is paid to non-executive Directors other than the nominal monthly fees and nominal fees based on their participation at board and subcommittee.

Remuneration of the non-executive directors will be based as per this policy which adopts the principle of non – discriminatory pay practices among them to ensure that their independence is not impaired

No Directors shall be involved in fixing his/her own remuneration.

### GENERAL

The remuneration will be benchmarked against comparable organizations and will be reviewed when required.

The aggregated total remuneration paid to directors will be disclosed in the annual report of the Company.

The committee met at least once during the year and proceedings of the committee will be reported to the board of directors for their information and necessary action and were affirmed by the board.

## **POLICY ON THE INTERNAL CODE OF BUSINESS CONDUCT AND ETHICS FOR ALL DIRECTORS AND EMPLOYEES, INCLUDING POLICIES ON TRADING IN THE COMPANY'S LISTED SECURITIES**

### **PURPOSE**

The policy applies to Internal parties of the Company. This policy specifies the ethical standards and duties that Internal parties of the Company must adhere to, including particular guidelines concerning the trading of the Company's listed securities, in alignment with the legal requirements and regulations of Sri Lanka.

The Company expects that all directors, employees, contractors, trainees, agents, and consultants engaged with the Company maintain adherence to policy in dealings with the Company.

This policy is intended to complement the Company standards of business conduct. This policy provides additional guidance on some of the rules, principles, and guidance set out in the standards of business conduct.

### **COMPLIANCE WITH LAWS, REGULATIONS, AND COMPANY POLICIES**

Internal parties of the Company must adhere to applicable laws, regulations, Company policies and Company standards of business conduct. Compliance with the listing rules, SEC regulations, and other relevant legal requirements is mandatory. Employees must ensure their actions reflect the highest standards of ethical conduct in all dealings on behalf of the Company.

### **CONFLICTS OF INTEREST**

Internal parties of the Company must avoid conflicts of interest in business dealings, and disclose personal circumstances where a conflict may arise. Any potential or actual conflict of interest faced by internal parties must be disclosed to the relevant line manager. Transparency and integrity in decision-making are critical to maintaining trust within the Company and with external stakeholders.

### **TRADING IN THE COMPANY'S LISTED SECURITIES**

#### **Insider Trading**

Insider trading, defined as trading in the Company's listed securities while in possession of material, non-public information, is strictly prohibited. Internal parties of the Company must not use such information for personal gain, nor should they share it with others who might use it for trading purposes. Violations of insider trading laws will result in severe penalties, including termination and possible legal action.

#### **Pre-clearance of Trades**

Internal parties must seek pre-clearance in line with the Company Code for share transactions by employees managing director and company secretary before buying or selling the Company's listed securities. Pre-clearance ensures that trades are not conducted when the internal party may be in possession of Insider Information.

#### **Reporting Requirements**

The internal parties of the Company shall ensure that they comply with all guidelines followed by the Company on share transactions by internal parties of the Company.



## TRADING BETWEEN CONNECTED PARTIES

Connected parties include individuals or entities that have a close relationship with the Company, such as directors or employees with access to price sensitive information in relation to listed securities of the Company. Thus, even their immediate family members (his/ her spouse or children under 18 years of age) or entities which have significant influence or control would fall within the ambit of definition of connected parties.

Parties connected to the Company should not trade, borrow or lend on price sensitive information that has not been disclosed to the public. Furthermore, connected persons are prevented from trading, borrowing, or lending the Securities of the Company even after release of information to the Exchange, for a period that should not be less than two (02) Market Days following the release of information in order to allow public dissemination and evaluation of it. For the purpose of computation, the period of Two (02) Market Days excludes the day on which disclosure was made.

## CORPORATE OPPORTUNITIES

Directors and Key Management Personnel are strictly prohibited from: •

- Appropriating for personal benefit any opportunities that are identified or discovered through the use of corporate property, corporate information, or their position within the company.
- Utilizing corporate property, corporate information, or their position within the company for personal gain.
- Engaging in any activities that compete with the company.

Directors and Key Management Personnel have a fiduciary duty to prioritize and advance the legitimate interests of the Company. When opportunities arise that could benefit the company, they must act in the best interests of the Company.

## CORPORATE RECORDS

All business records must be reported accurately to reflect the facts. The books and records of the Company must be prepared with care and honesty and must accurately reflect the transactions of the Company. All corporate funds and assets must be recorded in accordance with Company procedures. No undisclosed or unrecorded funds or assets shall be established for any purpose.

Employees must not, and must not direct others to, take any action to fraudulently influence, coerce, manipulate or mislead independent public accountants engaged in the audit or review of the Company's financial statements for the purpose of rendering those financial statements materially misleading.

## CONFIDENTIALITY

Internal parties of the Company must safeguard the confidentiality of the non-public information of the Company. Unauthorized disclosure of confidential information can harm the Company's competitive position and result in legal liabilities.

## ETHICAL CONDUCT AND FAIR DEALING

Internal Parties of the Company must act with honesty, integrity, and fairness in all business dealings. The Company expects Internal Parties of the Company to be fair and transparent in their interactions with customers, suppliers, competitors, and other stakeholders.

## PROTECTION AND PROPER USE OF COMPANY ASSETS

Internal parties of the Company are entrusted with the responsibility of protecting the Company's assets and ensure they are used efficiently and for legitimate business purposes only. Misuse or misappropriation of Company assets is prohibited

## DISCRIMINATION AND HARASSMENT

The Company strives to maintain a workplace that is positive, productive, and rewarding. Everyone is entitled to fair treatment, courtesy and respect. Derogatory comments based on any person's gender, race, color, national origin, ancestry, citizenship, religion, age, physical or mental disability, medical condition, sexual orientation, marital status, or any other characteristic protected by applicable law, unwelcome sexual advances or any similar types of behavior are strictly prohibited.

## REPORTING OF VIOLATIONS

Internal parties of the Company are encouraged to report any unethical behavior or violations of this Policy. Reports can be made to a designated officer, a line manager and Managing director, or via phone or online using the Company's independently managed external speak up channels, and the Company will take all necessary steps to investigate and address any reported issues. Whistleblowers will be protected from retaliation.

## DISCIPLINARY ACTIONS

Non-compliance with this policy by internal parties shall result in disciplinary actions, which may include termination of employment and legal proceedings. The Company is committed to enforcing this policy in accordance with applicable local laws.

## REVIEW AND AMENDMENTS

This policy will be reviewed periodically and may be amended as necessary to comply with evolving legal requirements and best industry / international practices. Any changes to the policy will be communicated to the internal parties of the Company.

## RISK MANAGEMENT & INTERNAL CONTROLS POLICY

### PURPOSE

The Policy on Risk Management and Internal Controls outlines the framework and procedures adopted by the Company to ensure that risks are effectively managed and internal controls are robust. This policy aims to safeguard the assets of the company, ensure the accuracy and reliability of financial reporting, and comply with applicable laws, regulations, and standards, including those stipulated by the CSE.

### SCOPE

This policy applies to all employees, directors, and officers of the Union Chemicals Lanka PLC. It covers all aspects of management of risks including financial, operational, compliance, strategic, and reputational risks, and having adequate internal controls in place.

### RISK MANAGEMENT FRAMEWORK

#### **Risk Identification**

Comprehensive risk assessments should be conducted to identify the principal uncertainties facing the Company, including those that could threaten the Company's business model, future performance, solvency, or liquidity. Financial and non-financial risks should be identified by the functional level with inputs from all managers of the Company as well as other employees. This process is to be facilitated through team discussions and brainstorming sessions, ensuring that value is added to the identification process.

#### **Assessment and Evaluation**

All identified risks are assessed and reviewed by the management using risk registers, maintained at three levels (high/medium/low), based on the likelihood of occurrence and the potential impact on the Company. Tolerance levels and trigger points are defined for each identified risk. The Company will prioritize risks that have the potential to significantly affect its operations, financial performance, reputation, and compliance status. The risk registers are validated by the management and reviewed by the Audit Committee and thereafter by the Board, to ensure same reflect the current risk landscape.

#### **Risk Management**

Responsibility for managing each identified risk is allocated to the manager of each department of the Company (risk owners), who report regularly to the managing director on the performance of defined risk parameters. Additionally, the potential impact of global trends and risks is captured through inputs from the audit committee of the Company, which also recommends improvements in internal controls in line with global best practices. The Company will develop and implement risk mitigation strategies to manage identified risks. This may involve avoidance, reduction, sharing, or acceptance of risks, depending on the nature and magnitude of the risk.

#### **Monitoring**

Risks are monitored at multiple levels within the organization, including at the functional level, by the managers, the audit committee, and the board of directors. The identified risks, risk registers, mitigation plans, and performance of each identified risk are evaluated at these levels throughout the year, ensuring continuous oversight and proactive management of risks.

## INTERNAL CONTROL FRAMEWORK

### **Control Environment**

The Company is committed to maintaining a strong control environment, characterized by ethical behavior, competence, and a clear organizational structure. The board of directors and management will set the tone at the top, emphasizing the importance of internal controls. The board plays a crucial role in shaping the organizational culture of the Company. Guided by the Company Values, the board fosters a culture that is responsive to change, encourages continuous learning. The standards of operation procedures, which has been adopted by the Company subject to the local laws and regulations, further reinforces this by outlining expectations for employees and suppliers in areas such as bribery, corruption, political contributions, money laundering, principles of engagement, and human rights.

### **Control Activities**

The Company will undertake control initiatives, comprising policies, procedures, and practices, to ensure the mitigation of risks and the attainment of its objectives. These initiatives will be woven into the Company's business operations and information systems.

### **Information and Communication**

The Company will ensure that relevant information related to risks and internal controls is identified, captured, and communicated in a timely manner. Communication channels will be established to facilitate the flow of information across all levels of the organization.

### **Monitoring of Controls**

#### **Board of Directors**

The board of directors are responsible for overseeing the risk management and internal control frameworks. The board will ensure that adequate resources are allocated for the effective implementation of this policy.

#### **Audit Committee**

The audit committee will assist the board in monitoring the effectiveness of the risk management and internal control processes. The committee will review risk reports received from management, audit findings, and other relevant information, and provide recommendations to the board.

#### **Management**

Heads of departments are responsible for implementing the risk management and internal control frameworks. Management will ensure that risks are identified, assessed, and managed, and that internal controls are effectively designed and operated.

#### **Employees**

All employees are responsible for adhering to the Company's risk management and internal control policies and procedures. Employees are encouraged to report any risks or control deficiencies to their supervisors or through established reporting channels.

## REVIEW AND UPDATE

The Audit Committee will review this policy frequently if required, to ensure its continued relevance and effectiveness. Any updates to the policy will be approved by the board of directors.

## COMPLIANCE AND REPORTING

The Company is committed to complying with all applicable laws, regulations, and standards related to risk management and internal controls. Non-compliance with this policy may result in disciplinary action, up to and including termination of employment.

## POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS

### PURPOSE

The Company is committed to maintaining open and transparent communication with its shareholders and investors. This policy outlines the principles and practices that the Company will adhere to in order to foster effective relations with its shareholders and investors, in accordance with the listing rules, Securities and Exchange Commission (SEC) regulations, the code and applicable regulations in Sri Lanka. This policy aims to achieve several key objectives, including the timely and accurate provision of information to shareholders and investors, establishment of effective two-way communication between the Company and its shareholders and investors, promotion of transparency and accountability in the Company's operational and decision-making practices, and compliance with all pertinent listing regulations and regulatory obligations in Sri Lanka.

### DISCLOSURE OF INFORMATION

#### **Timely and Accurate Disclosure**

The Company shall ensure that information which would have a material impact on the share price of the Company, is disclosed to shareholders and investors as required under the listing rules and SEC regulations, in a timely and accurate manner. Such material information includes, but is not limited to, financial results and performance, significant corporate actions and events, changes in the board of directors or management, major investments, acquisitions or disposals.

#### **Channels of Communication**

The Company will use various channels to disseminate information to shareholders and investors, including the CSE announcements, the Company's website, press releases, annual and interim reports, Shareholder meetings and briefings.

### SHAREHOLDER MEETINGS

#### **Annual General Meeting (AGM)**

The Annual General Meeting (AGM) serves as a vital platform for dialogue between the Company and its shareholders. The Company will ensure that shareholders receive timely notification of the AGM, accompanied by detailed information regarding the topics to be addressed and resolved. Shareholders will be invited to attend the AGM and engage actively in the discussions.

#### **Extraordinary General Meetings (EGMs)**

EGMs may be convened as required to seek shareholder approval on specific matters. The Company will provide shareholders with sufficient notice and relevant information regarding the matters to be considered at the EGM.

### INVESTOR RELATIONS

The Company establish and maintain a dedicated Investor Relations (IR) personnel within the finance department of the Company to manage communication with investors (contact details of the said IR personnel have been specified at the end of this policy.)

The IR personnel will act as the primary point of contact for investors, organize investor meetings and conference calls when required, and address investor queries and concerns promptly. Further the said IR

personnel shall act as the body responsible for ensuring that all directors are aware of major issues and concerns of shareholders, including but not limited to requisitions made by shareholders for meetings as per the Companies Act No. 07, 2007 (as amended) and major concerns communicated by shareholders directly to such IR personnel or as communicated by the Registrar of the Company.

## SHAREHOLDER RIGHTS AND PARTICIPATION

### **Voting Rights**

The Company is committed to guaranteeing that shareholders possess the right to vote on important issues, which require shareholder approval as per the Companies Act and listing rules. The procedures for voting, as determined for each meeting, will be explicitly conveyed to shareholders.

### **Shareholder Feedback**

The Company values feedback from its shareholders. Shareholders are encouraged to provide feedback and raise concerns with the Company's IR personnel whose contact details are available in the CSE and Company websites.

## CONTACT INFORMATION

For any queries or concerns regarding this policy or other matters related to shareholders and investors relations, please contact the following officer from the finance department of the Company:

Mr. U.L Pushpakumara  
Finance Manager/ Director  
Union Chemicals Lanka PLC  
No.04, 5th Floor, Tickell Road,  
Colombo 08.  
Tel: 011272924-25 (Ext: 11)  
Email: pushpakumara@ucll.lk

## POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) SUSTAINABILITY

### PURPOSE

Union Chemicals Lanka PLC, understand our true corporate responsibility towards fulfilling national priorities for the nation's sustainable growth. To achieve this goal, we understand the importance of integrating Environmental, Social, and Governance (ESG) principles to our overall corporate strategy, decision making processes, risk assessment procedures, and corporate reporting, while simultaneous adherence to regulatory requirements. As a responsible corporate citizen and on our long-term sustainable existence, we pledge fostering sustainable solutions to our customer base via our network and digital channels, strengthening stakeholder capacity building on ESG-compliant. By adopting this ESG policy, Company aims to contribute positively towards enhancing and risk mitigation of environment, society, governance aspects while enhancing long-term value to all our stakeholders.

### ENVIRONMENT RESPONSIBILITY

We commit to mitigate our direct environmental impact by emphasizing the importance of sustainable resource optimization as part of our commitment to safeguarding the nation's biodiversity and fragile ecosystems. Apart from that, as an ethical financial service provider, we are conscious of environmental risks linked to our lending portfolio and seek to minimize the indirect environmental impact of our business operations by boosting the awareness of ESG fluency of our employees and vital stakeholders as a whole and promoting environmentally friendly product solutions among our clients.

### SOCIAL RESPONSIBILITY

In tandem with our tailored product solutions and services, we strive to assist our stakeholders be socially responsible in all their activity by creating awareness and knowledge sharing.

We value and promote respecting of human rights, urging fairness, inclusivity and acknowledging diversity among our employees. We admire the diversity of our employees and make year-round investments in their skill and capacity-building to support work-life balance and ensure career advancement

We also adhere to responsible sourcing practices by ensuring that our supply chain complies with fair labor standards & protect human rights and screen environmental & social risks related to products & services that they supply through a comprehensive supply screening process.

Further we support green & socially inclusive projects that empower local communities, conservation of nature and enhancing entrepreneurship skills through our strategic outreach initiatives.

### GOOD CORPORATE GOVERNANCE

We adhere to high standards of governance including corporate governance to safeguard the interests of stakeholders. In sustaining with our commitment to the integrity transparency and accountability as part of an ethical, inclusive, and sustainable business, we voluntarily adhere to all applicable laws and regulations along with our compliance obligations with regards to environmental, social, and governance concerns.

### REPORTING AND TRANSPARENCY

As a mode of communicating to our stakeholders on company's financial and non-financial performance, we voluntarily adhere to internationally recognized sustainability reporting disclosures and frameworks. The information is also made accessible to public via our corporate website and annual report. Further we are



also committed to supporting the Sustainable Development Goals (SDG) through our journey towards ESG towards a sustainable future.

#### REVIEW OF THE POLICY

The ESG policy will be reviewed periodically or as and when operating conditions demand in order to protect its effectiveness and relevance to our business.

## POLICY ON CONTROL AND MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS

### PURPOSE

Policy on Control and Management of Company Assets and Shareholder Investments is prepared in compliance with the Section no. 9 - Corporate Governance - listing rules issued by Colombo Stock Exchange. This provides as a strategic guide in managing and controlling on Company assets that provide the optimal returns at acceptable levels of risk which ultimately enhance and safeguard the wealth/investment of the shareholders.

### ASSET CLASSES

The Policy intends to provide an appropriate range of assets that may span the risk/return spectrum. The asset classes to be considered may include, but are not limited to;

- Physical Assets: Properties, plant, tools & equipment, machinery, vehicles, furniture & fittings, IT Equipment and inventory and any other physical assets owned or controlled by the Company.
- Financial Assets: Cash, receivables, investments, and securities.
- Intangible Assets: Intellectual property (includes software, ERP systems etc), patents, trademarks, and goodwill.

### MANAGEMENT OF THE ASSETS

Board of Directors and the management are entrusted with the responsibility of ensuring that the assets are managed to achieve following objectives of the Company;

- Safeguard Assets: Protect the Company's physical and financial assets from loss, theft, or misuse.
- Ensure Investment Integrity: Manage shareholder investments responsibly and transparently.
- Regulatory Compliance: Adhere to applicable laws, regulations, and corporate governance practices.
- Assets Disposal; Obtain necessary approvals for the disposal of assets, following the Company's authorization procedures
- Accurate Reporting: Ensure the integrity and accuracy of financial reporting related to assets and investments.

### GOVERNANCE

#### Review

This policy will be reviewed on an annual basis and, if appropriate, may be amended to reflect changes in the markets in which Company operates. Any modification to this Policy shall be effective when the recommendation made by the management, is approved by the Board.

#### Compliance

Compliance Provisions of this Policy are subject to regulations issued by the CSE or any other regulatory body.

## POLICY ON CORPORATE DISCLOSURES

### PURPOSE

Union Chemical Lanka PLC (refer as Company hereafter) shall follow to make sure that all relevant information is shared fairly, accurately, timely and comprehensively with all stakeholders. The aim of this policy is to build confidence and openness about the Company's operations.

### SCOPE

This policy is applicable to all employees of The Company, including third-party agents acting on behalf of the Company. It encompasses the disclosure of information pertaining to Company's operations, financial performance, strategic initiatives, and any other material information that may impact stakeholders' perception or investment decisions.

### OBJECTIVE

The primary objectives of this policy are,

- To promote transparency and integrity in Company's communication with stakeholders.
- To ensure compliance with applicable laws, regulations, and industry standards governing disclosure practices.
- To safeguard confidential information and prevent unauthorized disclosure or misuse.
- To uphold the reputation and credibility of Company in the marketplace.

### GUIDING PRINCIPLES

- **Accuracy:** Information disclosed by Company shall be accurate, complete, and not misleading.
- **Timeliness:** Material information should be disclosed promptly to ensure timely dissemination to stakeholders.
- **Fairness:** Disclosure should be made in a manner that ensures equal access to information for all stakeholders.
- **Consistency:** Disclosure practices should be consistent across all communications channels and platforms.
- **Confidentiality:** Confidential information must be safeguarded and disclosed only in accordance with applicable policies and procedures.

### RIGHTS AND RESPONSIBILITIES

#### Responsibilities of board of directors

- The board of directors are ultimately responsible for ensuring that Company complies with corporate disclosure policy, which include accurate, timely and complete disclosure of information.
- The board of directors has the power and duty approve all material disclosures before they are made public.
- Board of directors must oversee the implementation and effectiveness of the disclosure process. The board of directors must conduct a comprehensive review of the Policy at least annually to ensure its continued relevance and alignment with evolving regulations.

- The board of directors must maintain a high standard of corporate governance to promote transparency and accountability

### **Responsibilities of Union Chemical Lanka PLC**

- To disclose all material information promptly and accurately in accordance with this Policy and relevant regulations.
- To maintain a fair and transparent information environment for all stakeholders.
- To designate qualified personnel to manage and oversee the disclosure process.
- To maintain a comprehensive recordkeeping system for all disclosures.

### **Stakeholders' Rights**

- All stakeholders have the right to access material information about the institution in a timely and understandable manner.
- Investors have the right to make informed investment decisions based on accurate and complete information.

### **DISCLOSURE CHANNELS**

The disclosure channels employed by Company must be crafted to facilitate transparent and timely communication with stakeholders. These channels act as essential pathways through which are used to distribute relevant information, promotion trust and strengthening confidence.

CSE filing - As a commitment to transparency and compliance with regulatory standards, Company must diligently files all necessary market announcements, financial statements and reports with the Company.

Press releases - Significant developments and events that impact Company are promptly communicated to stakeholders through official press releases. These press releases are published on the corporate website and disseminated through reputable news channels.

Annual report - A comprehensive annual report must be published, providing a detailed overview of our financial performance, business activities, and future outlook. Through the annual report, Company must aim to provide stakeholders with deeper insights into operations, governance practices, and commitment to sustainable growth of Company.

Corporate Web site – Corporate web site of the company includes product details, corporate details, financial information and policies which are relevant to external stakeholder.

### **TYPES OF DISCLOSURES**

This Policy is established in compliance with all applicable laws and regulations of the Securities and Exchange Commission of Sri Lanka (SEC) and the listing rules of the CSE. It adheres to the principles of good corporate governance and best practices in financial disclosure. Company is committed to disclosing both mandatory and voluntary information to enhance transparency and stakeholder understanding.

### **Mandatory disclosures**

By law and CSE listing rules Company is required to disclose certain information, including:

- Financial Statements (quarterly, annual, and audited)

- Material changes in financial condition
- Changes in ownership or control
- Mergers and acquisitions
- Litigation and regulatory actions
- Changes in dividends or other distributions

### **Voluntary disclosures**

In addition to mandatory disclosures, Company may choose to disclose additional information to promote transparency. This may include:

- Business strategies and future plans
- New product or service launches
- Risk management practices
- Corporate Governance updates

Sustainability initiatives Disclosures will be made through the designated channels mentioned in Section 6

### **DISCLOSURE OF THE ANNUAL REPORT AND QUARTERLY REPORTS**

Company shall publish a comprehensive annual report and quarterly reports that provides a detailed overview of financial performance, business activities, and future outlook of The Company. The annual report and quarterly reports will include:

- Audited financial statements with detailed notes and explanations
- Management discussion and analysis (MD&A)
- Corporate Governance practices
- Sustainability initiatives

The annual report must be made readily available to all stakeholders on the company website and filed with the CSE.

### **INSIDER TRADING PREVENTION**

Company shall maintain a strict policy against insider trading and stresses how crucial it is to keep nonpublic material knowledge discreet. Employees, Directors, and all third party agents are subject to this policy, which requires them to refrain from using insider information for their own benefit or giving it to unauthorized parties.

Company must seeks to foster a culture of honesty, trust, and compliance among its employees by periodically providing training that reinforces knowledge of and comprehension of the confidentiality of insider information. This strategy not only protects against possible ethical and legal transgressions but also demonstrates the Institution's steadfast dedication to maintaining the highest levels of openness and moral behavior across the organization.

### **IMPLEMENTATION AND AMENDMENTS**

This Policy must be communicated to all employees of the Company. A copy of the Policy will be readily available on the Company's website for easy access by all stakeholders.

## WHISTLEBLOWING POLICY

### PURPOSE

Encouraging Union Chemicals Lanka PLC (the Company) employees and related parties who have concerns about, suspected serious misconduct or any breach or suspected breach of law or regulation or conflicts of interest that may adversely affect the Company, the Company's customers, shareholders, employees, investors or the public at large. (Herein after individually or collectively referred to as misconduct/s), to come forward and express these concerns without fear of punishment or unfair treatment.

### Principles:

- No risk of disclosure to the whistleblower and confidentiality will be ensured.
- Whistleblowers are recommended to identify themselves to the Whistleblowing Unit.
- Whistleblowing should be genuine and evidence to be produced which is sufficient to substantiate the complaint.
- Disciplinary action will be taken against employees for fake or fictitious information.
- This procedure provides avenues for employees and related parties to raise concerns over Misconducts and define ways to handle these concerns.
- Enable management to be informed at an early stage about Misconducts.
- To reassure employees that they will be protected from punishment or unfair treatment for disclosing concerns in good faith in accordance with this procedure.
- To help develop a culture of openness, accountability and integrity.

### SCOPE

This procedure governs the reporting and investigation of Misconducts at the Company as well as the protection offered to the whistleblowers.

This procedure is applicable to all employees of the company and related parties such as the company's customers, shareholders, employees, investors, other stakeholder and the public at large.

Employees and related parties dealing with the Company and customers are encouraged to raise any concerns (hereinafter referred to as "Report") over Misconducts.

### DEFINITIONS

#### Whistle-Blower

Whistle-Blower is as a person or entity making protected disclosure about Misconducts. They may be employees of the company, applicants for employment, shareholders, investors, vendors, suppliers, contractors, customers, any third part, any other stakeholder or the general public. Whistle-blower is a reporting party who is not an investigator or a fact finder nor does he/she determine the appropriate corrective or remedial action that may be warranted.

#### Employee

Any employee who is on permanent/contract cadre of Union Chemicals Lanka PLC.

#### Good Faith

The Procedure presumes that Whistle-blower will act in good faith and will not make false/ fictitious accusations when reporting any Misconducts. Good faith is evident when the Report is made without malice or consideration of personal benefit and the employee has a reasonable basis to believe that the Report is true. An employee who knowingly or recklessly makes statements or disclosures that are not in good faith

may be subject to disciplinary action. The Company will make all efforts in good faith to protect the confidentiality of Whistle-blower/s who report the Misconducts; provided, however, the company or its employees and agent shall be permitted to reveal the reporting Whistle-blower/s identity and confidential information to the extent necessary to permit a thorough and effective investigation, as required by law or court proceedings.

#### Some Acts of Misconducts.

Some of the Misconducts, which can be reported under this Procedure, are given below. The list is intended to serve as a guide and is not exhaustive or complete.

- Violation of any applicable laws, rules, regulations and policies.
- Any dishonest or unethical behavior.
- Violation of the Code of Business Practices of the Company.
- Fraudulent activities and corrupt conduct. It is a willful or deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples include, but are not limited to:
  - Corruption: conflicts of interest, bribery, illegal gratuities, and economic extortion.
  - Cash asset misappropriation: Theft; cheque tampering; and fraudulent disbursements, including billing, payroll, and expense reimbursement schemes.
  - Non-cash asset misappropriation: Theft; false asset requisitions; destruction, removal or inappropriate use of records and equipment; inappropriate disclosure of confidential information; and document forgery or alteration.
  - Fraudulent statements: financial reporting, employment credentials, and external reporting.
  - Fraudulent actions by customers, vendors or other parties include bribes or inducements, and fraudulent (rather than erroneous) invoices from a supplier or information from a customer.
- Misrepresentation or negligent acts in preparation or evaluation of any audit or any financial statement of the Company.
- Deficiencies in or non-compliance with the Company's internal policies and controls.
- Conflict of interest in employment.
- Conduct involving substantial risk to the company or public health, safety and substantial risk to the environment.
- It applies to unlawful, improper or unethical behavior of any kind. It includes, but is not limited to, any behavior that undermines, or may undermine, the Company's policies, procedures, practices or any other expected, or otherwise established, standard of conduct.

#### Method of reporting allegations of Misconducts

Complaint of Whistleblower could be reported to the Managing Director on + 94011 2472924-5 (Ext 10) or email to [gamini@ucll.lk](mailto:gamini@ucll.lk)

## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

### PURPOSE

The purpose of this Anti-Bribery and Anti-Corruption Policy is to set out the principles for countering bribery and corruption and the management of bribery and corruption risk in Union Chemicals Lanka PLC (the Company) by preventing the Company, Company personnel (as defined below) and third parties (as defined below) by requiring them to commit to countering bribery and corruption in all forms in relation to transactions routed through or involving the Company. The Company has zero tolerance for any form of bribery and corruption, and will treat potential instances of bribery or corrupt behavior as a threat to its integrity and reputation as a business. The Company has developed this policy in accordance with these commitments as well as in adherence to the applicable laws and regulations with a view to promote a culture of compliance. As set out in this Policy, all employees are responsible for the prevention and mitigation of bribery and corruption within their own roles and responsibilities.

Through this policy, the Company strives to promote and achieve compliance with Anti-Bribery and Anti-Corruption Laws.

### SCOPE

This anti-bribery and anti-corruption policy is applicable to Company, and its activities in all jurisdictions in which the it operates. The Company's core values are incompatible with bribery and corruption.

Accordingly, this policy applies to:

- The Head Office, Plant and its Branches if any (in line with governing laws/regulations of such jurisdictions)
- Company Personnel
- Third parties

The Company encourages and influences all of its non-controlled interests (such as non-controlled joint ventures, partners, contractors, sub-contractors, vendors, suppliers, service providers, consultants, representatives and others performing work or providing services for or on behalf of the Company) to have and implement anti-bribery and anti-corruption policies to an equivalent standard as this policy.

### DEFINITIONS

**Accountable Person** – A person or an entity who is responsible and/or has an obligation for identifying, mitigating and managing bribery and corruption related risks associated with transactions with the Company.

**Company Personnel** - All directors, consultants, management, officers and employees (including permanent, probation, temporary or contract staff) of the Company, and individuals (including trainees, seconded staff, casual workers, agency staff, interns) acting as an accountable person for the Company.

**Breach** – Non-compliance with any of the requirements contained in this policy where such noncompliance has not been approved by the managing director.

**Bribery** - Under the law, bribes and bribery have a very wide definition. Bribery involves improperly offering, authorizing, giving, agreeing to give, promising, soliciting, providing, receiving or agreeing to receive a benefit or something of value (gratification) to or from a public official (means any executive, official, or



employee of a governmental authority, political party or member of a political party, political candidate, executive, employee or officer of a public international organization, or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise etc.), someone in business, any employee/ director in a private sector entity or a close relative of such a person (either directly or indirectly) in order to obtain or retain business or an advantage or to induce, influence or reward improper conduct or an improper decision. While a gratification may involve a monetary payment or offer, it covers anything of value.

Corruption - Corruption is 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.

Third Parties - This collectively includes, but is not limited to, customers, business partners, contractors, consultants, third party agents, third party introducers, referrers, persons acting in a fiduciary capacity, suppliers and joint venture partners in any operations of the Company.

## RISK APPETITE

The Company has a risk policy which sets out the level of risk the Company is willing to accept when pursuing strategic objectives of the Company. As with any involvement with activities that are illegal, the Company's risk appetite for bribery and corruption is zero.

The Company is committed to countering bribery and corruption in all forms, and promotes a culture of compliance and genuine engagement with anti-bribery and anti-corruption standards as breaches of anti-bribery and anti-corruption laws attract serious criminal and civil penalties, both in Sri Lanka and under the laws of foreign countries. Any association with bribery and corruption can also result in serious reputational damage to the Company and individuals involved.

The Company seeks to establish and maintain meticulous policies, procedures and controls to assist it to operate within its risk appetite at all times. The Company recognizes that certain jurisdictions, sectors, transactions, business opportunities and business partnerships pose greater bribery and corruption risks, and seeks to identify and manage these risks by way of this policy.

## OBLIGATIONS

The Company ensures that anti-corruption laws are not breached and ensures that reputation of the Company is not damaged. The Company categorically prohibit the use of Company funds /Assets for the purpose of making or facilitating any political contribution. Company personnel must comply with the related policies/guidelines/circular letters when undertaking any of the following activities on behalf of the Company.

- Offering or accepting any benefits, including gifts, entertainment, meals, travel/accommodation, training or any other things of value
- Engaging and monitoring third parties
- Procuring goods and services
- Commencing activities in new countries or entering into new business ventures
- Making charitable or community donations or sponsorships.

It is strictly prohibited for any Company personnel to pay or accept bribes to obtain any improper business or other advantage. Corrupt conduct by Company personnel is absolutely prohibited.

Company personnel must comply with anti-bribery and anti-corruption standards established below by this policy.

All Company personnel must not:

- Pay, offer, promise or accept, directly or indirectly, any bribe, kickback, secret commission or other form of improper payment (however small) in order to obtain any improper business or other advantage for the Company, for themselves, or for others
- Make facilitation payments. Facilitation payments are payments (typically of low value) made to a public official with the purpose of expediting or facilitating the performance of a routine governmental action
- Provide or accept benefits including gifts, hospitality, entertainment, meals, travel/accommodation, training or other things of value which are contrary to the standards in the related policies
- Provide or offer any gifts or benefits in circumstances where it is known or suspected that the recipient cannot accept the gift or benefit pursuant to law or to any duties/obligations that they owe others
- Make charitable or community donations or sponsorships which are contrary to the Company policy
- Enter into or continue a business relationship with a third party if they cannot be satisfied that such third party will behave in a manner consistent with this policy
- Engage or make a payment to a business partner, or any other third party, knowing or suspecting the business partner or 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
- Falsify or mis-describe any book, record or account relating to business of the company. All receipts and expenditures must be supported by documents that describe them accurately and properly
- Engage in a corrupt practice which is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another person
- Engage in a fraudulent practice by acting or omitting to act which includes misrepresenting or misleading a person to obtain a financial or other benefit or to avoid an obligation
- Engage in a collusive practice which is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party
- Engage 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
- Engage 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
- Prevent/ abate/ refrain another staff member from performing official duties due to being influenced by any corrupt conduct
- Cause or authorize any of the above conduct or any other conduct which is inconsistent with this policy

## NON-COMPLIANCE WITH THIS POLICY

Company has zero tolerance for conduct in violation of this policy, a breach of any of the provisions of this policy may lead to disciplinary action and will be investigated in line with the policy of the Company. It may be treated as gross misconduct and could render Company personnel liable to summary dismissal. Conduct

in violation of this policy may also breach applicable anti-corruption laws and result in criminal or civil penalties, including fines and imprisonment.

Company personnel must cooperate fully and openly with any investigation by the Company into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information is a breach of this Policy.

## REPORTING SUSPECTED OR ACTUAL BREACHES

If any Company personnel become aware of any actual or suspected breach of this policy, the standards or any relevant anti-corruptions laws, or any request or demand for any undue financial or other advantage, this must be immediately reported to the Managing Director or the Unit Head.

Material breaches of the policy will be reported to the board in accordance with the compliance policy and in accordance with the requirements of whistleblower policy.