

# **Code of Ethics for Directors & Officers on Business Conduct**

LOLC FINANCE PLC

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## 1. Purpose

The Board of Directors (the “Board”) of LOLC Finance PLC (“the Company”) has adopted the following Code of Ethics (this “Code”) to apply to the Company’s directors and officers (key responsible persons). This Code is intended to focus directors and officers on areas of ethical risk, provide guidance to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, foster a culture of honesty and accountability, deter wrongdoing and promote fair and accurate disclosure and financial reporting.

No code or policy can anticipate every situation that may arise. Accordingly, this Code is intended to serve as a source of guiding principles. Officers are encouraged to bring questions about particular circumstances that may involve one or more of the provisions of this Code to the attention of their superiors. Directors and officers should bring any such questions to the Chair of the Audit Committee, who may consult with inside or outside legal counsel as appropriate.

## 2. Introduction

Each director and officer is expected to adhere to a high standard of ethical conduct. The good name of the Company depends on the way directors and officers conduct business and the way the public perceives that conduct. Unethical actions, or the appearance of unethical actions, are not acceptable. Directors and officers are expected to be guided by the following principles in carrying out their responsibilities:

- *Loyalty*. Directors and officers should not be, or appear to be, subject to influences, interests or relationships that conflict with the interests of the Company.
- *Compliance with Applicable Laws*. Directors and officers are expected to comply with all laws, rules and regulations applicable to the Company’s activities.
- *Observance of Ethical Standards*. Directors and officers must adhere to high ethical standards in the conduct of their duties. These include honesty and fairness.

## 3. Integrity of Records and Public Reporting

Directors and officers should promote the accurate and reliable preparation and maintenance of the Company’s financial and other records. Diligence in accurately preparing and maintaining the Company’s records allows the Company to fulfil its reporting obligations and to provide stockholders, governmental authorities and the general public with full, fair, accurate, timely and understandable disclosure. In this regard, directors and officers (where applicable) should: (a) accurately document and account for transactions on the books and records of the Company; and (b) diligently maintain reports, vouchers, bills, invoices, payroll and service records, business measurement and performance records and other essential data. Senior financial officers must also ensure that they produce, or cause to be produced, full, fair,

accurate, timely and understandable disclosure in reports released and other public communications.

## 4. Conflict of Interest

Directors and officers must ethically handle actual or apparent conflicts of interest between themselves and the Company. Any situation that involves a conflict of interest with the Company should be disclosed promptly. Officers should report the conflict of interest by bringing it to the attention of their superior or by calling the Chief Financial Officer or the Chief Internal Auditor. Directors and officers should bring the conflict of interest to the attention of the Chair of the Audit Committee, who may consult with inside or outside legal counsel as appropriate.

A “conflict of interest” can occur when an individual’s personal interest is adverse to—or appears to be adverse to—the interests of the Company. Conflicts of interest also can arise when an individual, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position with the Company. “Immediate family” includes a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone who shares such person’s home.

This Code does not attempt to describe all possible conflicts of interest which could develop. Some of the more common conflicts from which directors and officers must refrain, however, are set forth below.

- *Improper conduct and activities.* Directors and officers may not engage in any conduct or activity that is inconsistent with the Company’s interests or that disrupts or impairs the Company’s relationship with any person or entity with which the Company has or proposes to enter into a business or contractual relationship.
- *Compensation from non-Company sources.* Directors and officers may not accept compensation (in any form) for services performed for the Company from any source other than the Company.
- *Gifts.* Directors, officers and members of their immediate families may not accept gifts from persons or entities where any such gift is being made in order to influence their actions in their position with the Company, or where acceptance of the gift could create the appearance of a conflict of interest.
- *Personal use of Company assets.* Directors and officers may not use Company assets, labour or information for personal use, other than incidental personal use, unless such use is either (i) part of a compensation or expense reimbursement program, or (ii) approved by an authorized person. In the case of use by an officer other than the Chief Executive Officer, the authorized person will be the officer’s superior. In the case of use by a director or the Chief Executive Officer, the authorized person will be the Chair of the Audit Committee.

For further details please refer the Conflict of Interest Policy of the Company and the procedure to be followed for managing conflicts and declaration of interests.

## **6. Corporate Opportunities**

Directors and officers are prohibited from: (a) taking for themselves personally opportunities related to the Company's business; (b) using the Company's property, information, or position for personal gain; or (c) competing with the Company for business opportunities.

## **7. Trading in the Company's Listed Securities by Related / Connected Parties**

Related/Connected persons\* should not trade on the basis of price sensitive information that has not been disclosed to the public. Moreover, connected persons shall not trade in the Securities of the Company even after release of the information to the Colombo Stock Exchange for a period, which should not be less than two (02) Market days after the release of the information to permit thorough public dissemination and evaluation thereof. In computing this period of two (02) Market Days, the day on which disclosure is made will be excluded.

*\*as defined in the Related Party Transaction Policy and the Connected Party Policy of the Company*

## **8. Confidentiality**

Directors and officers shall maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company, its business, customers or suppliers, that comes to them, from whatever source, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Company, its business, customers or suppliers.

## **9. Compliance with Laws, Rules and Regulations**

Directors and officers shall comply with all laws, rules and regulations applicable to the Company.

## **10. Reporting Illegal or Unethical Behaviour**

Officers should report any actual or suspected violations of this Code promptly by bringing them to the attention of their superior or by calling the Chief Internal Auditor. Officers may also contact the appropriate person in accordance with the Company's Whistle-blower Protection Policy, as such policy may be amended from time to time.

Directors and officers should communicate any actual or suspected violations of this Code (and any concerns regarding accounting or auditing matters) to the Chair of the Audit Committee.

Reported violations of this Code will be investigated by the Board of Directors or by a person or persons designated by the Board, except in the case of matters relating to accounting, internal accounting controls and auditing matters, which will be investigated by the Audit Committee. Appropriate disciplinary action will be taken in the event of any violations of this Code, up to and including termination. Directors and officers may not be retaliated against for reporting actual or suspected violations of this Code in good faith. If a director or officer believes that he or she has been discharged, disciplined or otherwise penalized for reporting a violation in good faith, he or she should immediately report that belief to the Chair of the Audit Committee.

## **11. Waivers**

Any waivers of this Code for directors and officers must be approved by the Board of Directors.

## **12. Annual Signoff**

The Directors and Officers of the Company shall provide an annual sign off confirming adherence to the requirements set out by this Code at the end of each Financial Year and such records will be maintained by the Company Secretary.

<i>Annual Confirmation of signoff</i>	<i>Name of Director/Officer</i>	<i>Date</i>
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