

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

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

### 1. OVERVIEW

The Board of Directors has adopted this Policy to provide for the use by the Company of its assets in its operations in an efficient manner to increase competitiveness of its business and protect investments made by Shareholders in the Company.

### 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:

“**Articles**” the articles of association of the Company, as amended from time to time;

“**Board**” means the board of directors of the Company;

“**Companies Act**” means the Companies Act No. 07 of 2007 as amended from time to time;

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

“**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;

“**IT**” shall mean information technology;

“**Policy**” means this policy on control and management of company assets and shareholder investments;

“**Senior Management**” means the Managing Director and any other Senior Officer designated as the Senior Management by the Board from time to time; and

“**Shareholder**” shall have the same meaning as defined in section 86 of the Companies Act.

### **3. PURPOSE**

The purpose of this Policy is to establish comprehensive guidelines and procedures aimed at safeguarding and protecting Company assets and Shareholder investments, ensuring responsible and ethical management practices for sustained corporate growth and stakeholder confidence.

This Policy sets out the standards and requirements of the Company in protecting Company assets and Shareholder investments.

### **4. SCOPE**

This Policy applies to the Company and covers all Directors, Senior management and other Employees of the Company involved in the decision-making process in relation to the Company's assets and Shareholder investments.

Additionally, this Policy covers physical, intellectual and financial assets including but not limited to real estate, movable assets, technology, proprietary and confidential information and monetary investments.

### **5. PROTECTION AND PROPER USE OF COMPANY ASSETS**

- 5.1 All Directors and Employees of the Company have an obligation to protect the assets of the Company and ensure their efficient use as wasteful or careless use of such assets is likely to result in improper depreciation or loss thereby having a direct impact on the Company's profitability.
- 5.2 All necessary steps shall be taken to ensure physical security of the assets of the Company, including, in the case of real estate, adequate perimeter fencing and other security measures to mitigate the risk of damage, destruction and encroachment.
- 5.3 The Company's assets shall not be used for activities that do not relate to the business and affairs of the Company.
- 5.4 The Company's assets will be recorded in assets register and security systems will be implemented to ensure adequate safeguards to prevent loss, damage or theft of property. Additionally, the assets of the Company may be insured, depending on the value and level of risk in relation to the identified asset.
- 5.5 The Company shall conduct a physical verification of its assets at least once in every 05 years.

- 5.6 The obligation to protect the assets of the Company extends to its confidential and proprietary information, including the Company's intellectual property. The Company's intellectual property consists of inventions, designs, and work created by an Employee or contractor as part of his/her job. Such property, among other works created by or for the Company, belongs to the Company.
- 5.7 Unauthorized use, reproduction, alteration or distribution of the Company's confidential/proprietary information may result in disciplinary action including termination of employment, civil and/or criminal penalties. The obligation to preserve confidential/proprietary information continues even after employment ends or in the case of a director, when he/she ceases to be a Director of the Company.
- 5.8 Any suspected incident of fraud or theft shall be reported to the Managing Director immediately for investigation.
- 5.9 The Company will aim to promote a culture of awareness regarding the importance of the protection and proper use of its assets.
- 5.10 Any acquisition or disposal of assets shall be carried out with the requisite approval prescribed by the law or with such approval standards determined by the Board from time to time, delegating authority to officers of the Company to approve such acquisitions and disposals. Any transaction that does not fall within any delegated authority determined by the Board shall require the specific approval of the Board.
- 5.11 This Policy shall be supplemented by policies and guidelines issued by the Company from time to time with regard to the utilization and protection of each category of Company's assets in conformity with the broad framework set forth herein (also setting forth the relevant detailed procedures therefor) and all Directors, Senior Management and other employees of the Company shall adhere to and comply with such policies/ guidelines. In the event of an inconsistency between this Policy and the afore-mentioned policies/guidelines issued by the Company, the said policies/guidelines issued by the Company shall prevail.

## **6. IT EQUIPMENT AND INFORMATION SYSTEMS**

- 6.1 Employees shall not use IT equipment provided by the Company for their personal interest or benefit except with the approval of their immediate supervisor. All IT equipment, information and data in relation to the operation of such equipment are the property of the Company.

- 6.2 Employees are prohibited from disclosing their passwords or any information stored within the Company's information systems to any external party without obtaining the necessary approvals/authorization.
- 6.3 Use of illegal software on Company equipment for any purpose, is prohibited.
- 6.4 The Company does not support operating in violation of intellectual property rights/copyright. This includes duplicating, modifying or disseminating creative works with copyrights to the public without obtaining the permission of the owner of such copyright.
- 6.5 Altering the IT equipment in any manner or installing any additional features to the standard equipment provided by the Company without obtaining the necessary approvals/authorization, is prohibited.
- 6.6 Employees must abide by all security restrictions on the Company's technology systems and are prohibited from attempting to evade, disable or crack passwords or other security measures installed or otherwise attempt to improperly access such systems or resources.
- 6.7 Employees shall not use the Company's electronic mail system to transmit material in a manner that is in contravention of the prevailing laws and/or any guidelines issued by the Company from time to time. Additionally, the internet connectivity provided by Company, at the Company's premises and/or paid for by the Company, shall only be used for purposes relating to the business and affairs of the Company, in compliance with the applicable laws.
- 6.8 Requisite approvals/authorizations in relation to the use of IT equipment and information systems can be obtained by contacting the Company's Information Technology Manager or the Managing Director.

## **7. RESERVES AND INVESTMENTS**

- 7.1 The Company recognizes the need to safeguard Shareholder interest and optimize value for Shareholder investments. The Company aims to distribute its profits among its Shareholders, subject to planned capital expenditure, growth opportunities and uncertain market prospects and subject to such restrictions as set forth in the Articles and applicable law.
- 7.2 Dividends will be paid as determined by the Board in accordance with section 56 of the Companies Act and the Articles.
- 7.3 The Company will formulate prudent investment strategies aligned with its financial goals and risk tolerance. A thorough due diligence will be conducted before making an investment to maximize Shareholder returns.

7.4 Effective monitoring mechanisms will be implemented to track the performance of investments and the Board shall promptly address deviations from expected outcomes.

## **8. REVIEW AND MONITORING**

8.1 The Audit Committee will from time to time review this Policy, monitor its implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practice and shall make recommendations on any proposed revisions or amendments as may be required to the Board for its review and final approval.

8.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Policy.

8.3 This Policy is to be read in conjunction with the Articles and other relevant Company policies, including:

- (i) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees (including policies on trading in the Company's listed securities);
- (ii) Policy on Relations with Shareholders and Investors; and
- (iii) Policy on Corporate Disclosures.