

POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY

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SUSTAINABILITY

1. OVERVIEW

This Policy has been adopted by the Board of Directors of the Company to serve as a framework to be followed by the Company in ensuring that the corporate culture within the Company is built around ESG in its business operations, decision-making processes and all its activities.

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

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

“**Central Environmental Authority**” means the governing body established under the National Environmental Act No. 47 of 1980 (as amended);

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

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

“**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;

“**ESG**” means environmental, social and governance factors;

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

“**Policy**” means this policy on environmental, social and governance sustainability;

“**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 provide information of the Company's ESG processes and procedures which focus on the non-financial performance indicators that address its approach towards responsible investment, sustainability, its impact on the larger society and the environment and other ethical governance considerations.

This Policy sets out the standards and requirements of the Company in relation to matters in relation to ESG.

4. SCOPE

This Policy applies to the Company and covers all Directors, Senior Management, other Employees, Shareholders and investors to the extent applicable.

5. ENVIRONMENTAL FACTORS

- 5.1 The Company shall be committed to reducing its energy and carbon footprint in an attempt to positively contribute to the global approach towards climate change and adopt a sustainability program committed to environmentally sustainable initiatives in its power and energy projects that deliver effective results, efficiency and value for the Company, its Employees and the wider public.
- 5.2 The Company recommends the use of sustainable material within the Company and actively promotes a paper-free office in a conscious effort to reduce paper usage in its operations, transactions and communications with all stakeholders.
- 5.3 The Company aims to reduce the use of single-use plastic within the Company and its projects as well as at its promotional, marketing and outreach events.
- 5.4 The Company is working towards monitoring and reducing energy consumption by incorporating energy efficient resources wherever possible, in its strategy to promote environment friendly initiatives.
- 5.5 Additionally, the Company shall conduct regular programs to educate its Employees on the importance of adopting an environment friendly approach in conducting its operations and the policies and internal procedures introduced by the Company to comply with the same.
- 5.6 The Company shall comply with the National Environmental Act No. 47 of 1980 (as amended) and all rules and regulations on environmental protection of the Central Environmental Authority, to the extent applicable to the operations of the Company.
- 5.7 The Company procures the necessary supplies/services for its operations from ESG compliant suppliers/service providers as much as it permits to further enhance and establish its proactive commitment to this Policy.

6. SOCIAL AND GOVERNANCE FACTORS

- 6.1 The Company aims to foster an environment that values and nurtures its Employees and assists them in their unique talents and contributions to the Company, thereby cultivating and building an inclusive workplace. The Company shall:
- (i) ensure all Employees are fairly compensated for their contribution and remunerations of Employees shall be at industry standards;
 - (ii) provide Employees with the necessary resources and training to promote efficiency;
 - (iii) implement and promote a positive and conducive work environment; and
 - (iv) ensure the health and safety of all Employees and provide appropriate healthcare benefits and medical care to all its Employees.
- 6.2 The Company aims to establish gender, age and ethnic diversity across the Company's workforce as a combination of individuals representing different groups can provide a range of perspectives and experiences resulting in improved decision-making and effective results.
- 6.3 The Company discourages harassment/ discrimination on the basis of gender, age, ethnicity, race, physical ability, socio-economic status or any other grounds. Complaints against such behaviour among Employees shall be forwarded to the Company's human resources manager or any other Officer acting in that capacity whose contact details are provided below:
- Mr. M.R.S. Randunu
Lanka Ceramic PLC,
No.23, Narahenpita Road, Nawala
Telephone : 0114504610
Email address : hr@lcl.lk
- The human resources manager or any other Officer acting in that capacity or equivalent position as may be designated by the Board shall take necessary action after consulting with the relevant heads of division or Managing Director, as necessary.
- 6.4 The Company shall work towards greater integration of social considerations in its procurement process by working closely with its suppliers/service providers to promote better labour practices.
- 6.5 The role of the chairperson of the Board and the Managing Director shall be separated in accordance with the Listing Rules, to ensure that adequate checks and balances are in place in the overall leadership of the Company.
- 6.6 The Board and its Employees strictly adhere to its internal policies and procedures in order to ensure efficient implementation of internal governance framework. Non-compliance with the Company's policies and procedures will result in an inquiry against the Employee and/or disciplinary action if required.
- 6.7 The Company shall make charitable donations on an annual basis as determined by the Board and its Shareholders at the annual general meeting of the Company. Additionally,

the Company aims to assist marginalized communities in the Country through well-structured programs in an attempt to assist the wider society.

- 6.8 Inclusive growth and equitable development are encouraged by the Company in carrying out its activities and the Company shall engage with and provide value to all external stakeholders in a responsible manner.
- 6.9 Personal data of external stakeholders provided to the Company shall be treated with confidentiality and processed and recorded in compliance with the Personal Data Protection Act No. 09 of 2022.

7. DISCLOSURES

- 7.1 The Company shall disclose the policies and procedures adopted by the Company and any other information relevant including measures taken to reduce its carbon footprint, diversity in its Board and workforce, in its annual report.
- 7.2 The Company's Employees, Shareholders, investors are encouraged raise their concerns/make suggestions in relation to ESG policies and procedures to the company secretary whose contact details are provided below:

P W Corporate Secretarial (Pvt) Ltd
Company Secretary,
No. 3/17, Kynsey Road, Colombo 08.
Telephone : 0114640360-3
Email address : pwcs@pwcs.lk

The company secretary shall direct such concerns/suggestions to the Board and the Board shall release such information so requested or address queries raised in accordance with the Company's internal policies, including the Policy on Relations with Shareholders and Investors.

8. REVIEW AND MONITORING

- 8.1 The Nominations and Governance Committee of the Company 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 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 Corporate Governance, Nominations and Re-election;

- (ii) Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees (including policies on trading in the Company's listed securities);
- (iii) Policy on Investment with Shareholders and Investors;
- (iv) Policy on Control and Management of Company Assets and Shareholder Investments; and
- (v) Policy on Corporate Disclosures.