

**POLICY ON INTERNAL CODE OF
BUSINESS CONDUCT AND ETHICS FOR
ALL DIRECTORS AND EMPLOYEES**

INTERNAL CODE OF BUSINESS CONDUCT FOR ALL DIRECTORS AND EMPLOYEES

1. OVERVIEW

This Internal Code of Business Conduct and Ethics has been adopted by the Board of Directors of the Company in conformity with the Listing Rules to set forth broadly the standards of conduct and principles to be adhered to by Directors and employees in carrying out their respective duties and responsibilities to the highest standards of personal and corporate integrity.

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;

“**Chairperson**” means the chairperson of the Board as elected by the Directors, from time to time;

“**Company**” means 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;

“**Executive Director/s**” means a director who is employed by and/or otherwise engaged in the day-to-day management of the Company in an executive capacity

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

“**MD**” means the Managing Director of the Company;

“**Policy**” means this policy on internal code of business conduct and ethics for all Directors and Employees (including policies on trading in the Company’s listed securities);

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

“**Whistleblower Protection Officers**” means any officer designated to receive complaints/disclosures in accordance with the Policy on Whistleblowing.

3. PURPOSE

The purpose of this Code of Conduct is to ensure that Directors and Employees of the Company adhere to the highest code of business conduct and ethical considerations in all of their activities whether specifically covered in this Code of Conduct or otherwise.

4. SCOPE

This Policy applies to the Company and covers all Directors, Executive Directors including Managing Director and Employees of the Company, to the extent applicable.

5. GENERAL DUTIES AND RESPONSIBILITIES

5.1 The Directors shall, at all times, act in good faith and in the best interests of the Company and shall adhere to all other duties of directors set forth in sections 187 to 190 of the Companies Act. Each Director shall accordingly exercise reasonable care, skill and diligence with the knowledge, skill and experience which may be reasonably be expected of him/her.

5.2 In carrying out their respective duties and responsibilities, Directors and Employees shall,

- (i) act in accordance with the applicable laws, Articles and internal procedures/policies of the Company;
- (ii) act in good faith, in the best interests of the Company, its Shareholders, internal and external stakeholders;
- (iii) exercise his/her duties with due and reasonable care and skill;
- (iv) ensure that the Company’s records, whether financial or non-financial, provide an honest and accurate reflection the transactions/ events that have transpired;
- (v) conduct oneself in a professional manner and treat peers and colleagues with respect, fairness and dignity;

- (vi) ensure that the work environment at the Company is fair and non-discriminatory;
- (vii) promote good employment practices;
- (viii) provide equal opportunities for all individuals based on skills and relevant expertise/experience;
- (ix) refrain from taking part in any illegal activities within the Company premises or on the Company's behalf;
- (x) refrain from having any material association with an individual, firm or body corporate engaged in similar business to that of the Company, without obtaining the prior approval of the Company;

5.3 Employees shall comply with/adhere to the provisions of their respective employment contracts and shall not engage in any conduct in contravention of such provisions including the provisions that prohibit engaging in businesses and undertakings that are in competition with the business of the Company.

5.4 All property, assets and resources of the Company only shall be used for the business of the Company. Directors and Employees of the Company shall ensure the protection and efficient use of the Company's assets in accordance with the Company's Policy on the Control and Management of Company Assets and Shareholder Investments.

5.5 Each Director and Employee shall endeavour to deal fairly the Company's customers, suppliers and competitors and refrain from taking unfair advantage of the other through manipulation, concealment, abuse of privileged information, misrepresentation, concealment of material facts or any other unfair dealing practice.

6. CONFLICTS OF INTEREST

6.1 A conflict of interest is any activity that may or gives the appearance of impropriety or divided loyalty.

6.2 Directors shall inform the Board of any conflicts or potential conflicts of interests they may have in relation to particular items of business transacted by the Company.

6.3 All Employees of the Company shall immediately disclose any conflicts or potential conflicts they may have in relation to the business activities of the Company to their immediate supervisors and refrain from participating in any discussion/decision-making process in respect of such matters in which they have a conflicting interest.

6.4 Where a question arises as to whether or not a matter involves a conflict of interest for a Director, the matter shall be brought to the attention of the Chairperson of the Board. The Chairperson shall make a decision in respect of the same and such decision shall be final and conclusive. In case of an Employee, such matter shall be brought to the attention of the MD who will make a final determination in respect of the matter.

7. BRIBERY AND CORRUPTION

All Directors and Employees shall adhere to the Company's Policy on Anti-bribery and Corruption in their business dealings on behalf of the Company.

8. CONFIDENTIALITY

- 8.1 Proprietary information and trade secrets of the Company must be held in strict confidence and adequate care shall be exercised to avoid any inadvertent/inappropriate disclosure of such confidential information.
- 8.2 Directors and Employees shall not, either directly or indirectly, divulge to any person, firm or body corporate any confidential information relating to the Company, including its business transactions or dealings.
- 8.3 Confidential information may be disclosed if required by law or by an administrative authority after obtaining approval therefor from the Board.
- 8.4 The use and processing of all personal information relating to customers, Employees and other stakeholders of the Company shall be in conformity with the Personal Data Protection Act, No. 09 of 2022.

9. TRADING IN THE COMPANY'S SHARES

- 9.1 Directors and Employees shall comply with the provisions of the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, when trading in the Company's listed securities.
- 9.2 If a Director or an Employee of the Company is in possession of Company information which is not generally available to the public and may impact the price of the Company's share, such Director or Employee shall not trade in the Company's share, either directly or indirectly.
- 9.3 Directors and Employees shall not disclose material information which is not generally available to the public to any third party who may use such information to gain an unfair advantage when trading in the Company's shares.

10. ENCOURAGING THE REPORTING OF ILLEGAL/UNETHICAL BEHAVIOUR

- 10.1 Any activity or behavior in contravention of this Code of Conduct shall be reported to the Whistleblower Protection Officer, in accordance with the Company's Policy on Whistleblowing.
- 10.2 Any person who makes a disclosure will be offered protection as detailed in the Policy on Whistleblowing provided that (i) such disclosure was made without malicious intent and (ii) such party had, at the time of making the disclosure, reasonable grounds to believe that the information provided by the said person is true and warranted an investigation.
- 10.3 The Company will investigate all matters reported under this Code of Conduct as soon as practicable, after the matter has been reported. For the avoidance of doubt, investigations into any complaint made under this Code of Conduct will be carried out in terms of the Company's Policy on Whistleblowing.

11. REVIEW AND MONITORING

- 11.1 The Nominations and Governance Committee will from time to time review this Code of Conduct, 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.
- 11.2 Upon the Board's approval, the said revision or amendment shall be deemed to be effective and form part of this Code of Conduct.
- 11.3 This Code of Conduct is to be read in conjunction with the Articles and other relevant Company policies, including:
- (i) Policy on matters relating to the Board of Directors;
 - (ii) Policy on Corporate Governance, Nominations and Re-election;
 - (iii) Policy on Board Committees;
 - (iv) Policy on Environmental, Social and Governance Sustainability;
 - (v) Policy on Control and Management of Company Assets and Shareholder Investments;
 - (vi) Policy on Corporate Disclosures; and
 - (vii) Policy on Anti-Bribery and Corruption.