

**Board Paper No 2024/670/04/A**

**Board Meeting No 72**

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# **WHISTLEBLOWER POLICY & PROCEDURES MANUAL (VERSION II)**

**Owner – CHIEF INTERNAL AUDITOR  
Approval Board of Directors  
Date Approved 5th April 2024**

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## **1.0 INTRODUCTION**

Pursuant to Section 8. 2. q of the finance companies (Corporate Governance) Direction No.03 of 2008, the Board Audit Committee of the company shall review arrangements by which employees of the company may confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. Further, the committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action. Accordingly, Lanka Credit & Business Finance PLC (LCB) has developed a Whistleblowing policy to make it easier for members of staff to be able to report irregularities in good faith, without having to fear that their action may have adverse consequences.

The Whistleblowing Policy of LCB is a key element for safeguarding the company's integrity. It is aimed at enhancing the company's transparency and underpinning its system for combating practices that might damage its activities and reputation.

Protecting the integrity and reputation of the company requires the active support of all members of the company's staff, who are required to report incidents of suspected fraud, corruption, collusion and coercion, and other serious infringements of the rules and policies in force at the company. Members of staff must also cooperate in investigations into such incidents.

By creating an environment of trust and maximum protection for the members of its staff, the company wants to encourage them to cooperate in full. It is putting in place arrangements that will ensure that members of staff who report irregularities in good faith are afforded the utmost confidentiality and greatest degree of and most effective protection possible against any retaliation, whether actual or threatened, as a result of their whistleblowing.

## **2.0 UNDERLYING PRINCIPLES**

The basic principles of the company's Whistleblowing Policy are as follows:

- The persons concerned must have a choice between a number of channels for whistleblowing and communication
- Members of staff must not under any circumstances be subject to retaliations for whistleblowing
- Members of staff who report incidents in good faith must be protected and their identity must insofar as possible remain confidential
- The reported incidents shall be verified in the appropriate manner and, if they are confirmed, company shall take all necessary steps to identify appropriate remedies
- The basic rights of any person implicated by the reported incidents must be respected, whilst ensuring that the procedures provided for are effective

## **3.0 SCOPE OF THE POLICY**

This Whistleblowing Policy applies to all staff of Lanka Credit & Business Finance PLC

## **4.0 THE POLICY**

### **4.1 REPORTING OBLIGATIONS**

- 4.1.1 Members of staff are required to report any suspected or presumed incidents of illegal behavior in the activities of the company or of serious misconduct or serious infringement of the company's rules, policies or guidelines, or any action that is or could be harmful to the reputation of the company.
- 4.1.2 Members of staff are required to cooperate in any official investigation, audit or similar request.
- 4.1.3 No members of staff or managers of the company may use their position to prevent other members of staff from exercising their rights or complying with their obligations as indicated above.

### **4.2 TYPES OF CONCERNS TO BE REPORTED**

This Policy deals with reporting concerns related to the following areas:

- Financial reporting (eg: falsification or destruction of business or financial records; misrepresentation or suppression of financial information; non-adherence to internal financial reporting policy/controls, including management over-rides)
- Suspected fraudulent activity (eg: theft; defalcation; insider trading; market manipulation; and corrupt practices including giving or receiving bribes or other improper benefits)
- Violations of the law, regulatory breaches, non-compliance with manuals and guidelines (eg: conflicts of interest; illegal, deceptive or anti-competitive sales practices; manipulation of rate or price setting, other violations of governing laws and regulations; and non-adherence to internal compliance policies)
- Concerns regarding dignity at work (eg: cases of bullying, harassment, sexual harassment, use of sexually inappropriate language or gestures or comments)
- Retaliation against an individual who reports a concern (eg: statements, conduct or actions involving terminating, disciplining, demoting, suspending, harassing, intimidating, coercing or discriminating against an individual reporting a concern in good faith in accordance with this Policy)
- Some of the examples on possible events (but not limited to) for whistleblowing along with the recommended contact points are given in Annexure I.

### **4.3 REPORTING CHANNELS**

- 4.3.1 Employees should choose the channel that is most appropriate given the nature of their concern.
- 4.3.2 There are several channels through which all staff of Lanka Credit & Business Finance PLC may report their concern under the Policy.
- 4.3.3 Cases relevant to financial reporting are to be reported to the Chairperson of

the Audit Committee or any member of the Audit Committee.

- 4.3.4 Cases of fraudulent activities are to be reported to the Chief Executive Officer
- 4.3.5 Any matter related to violations of the law, regulatory breaches, non-compliance with manuals and guidelines are to be reported to the Compliance Officer
- 4.3.6 Cases of bullying, harassment and those concerning dignity at work are to be reported to the Head of HR.
- 4.3.7 Any retaliation against an individual who reported a concern is to be reported to the Chairman of the company.
- 4.3.8 Contact details of the above-mentioned officers are given in Annexure II.
- 4.3.9 If the use of the established reporting mechanisms is not appropriate in view of the circumstances or nature of the incidents (eg: if there is a conflict of interest or a risk of retaliations, the intended recipient of the report is personally implicated, or the authority initially alerted fails to take appropriate action), the member of staff may report the matter to the Chairman.
- 4.3.10 However, if a matter is reported to an authority that is not competent to deal with it, it is up to that authority to transmit, in strictest confidence, the relevant information and documents to the competent authority and to inform the member of staff accordingly.

#### **4.4 COMMUNICATION**

- 4.4.1 All Reports should be taken seriously and addressed promptly, discreetly and professionally.
- 4.4.2 Reports may be submitted anonymously or the person submitting the Report may request to remain anonymous.
- 4.4.3 If a person desires to remain anonymous, that desire will be respected.
- 4.4.4 If the concern is raised verbally, the person who receives the concern should document the outline of the matters raised and should be confirmed in writing to the employee who raised the concern.
- 4.4.5 Discussions and documentation regarding reports will be kept in strict confidence.
- 4.4.6 Should the person submitting the Report identify himself or herself, the recipient of the Report will communicate to the employee the steps to be taken to address the Report and the results of any Company actions initiated.

#### **4.5 PROTECTION FROM RETALIATION**

- 4.5.1 Any staff member who reports an irregularity, provided that this is done in good faith and in compliance with the provisions of this policy, shall be protected against any acts of retaliation.
- 4.5.2 The protection of a person reporting an irregularity shall be guaranteed first of all by the fact that their identity will be treated in confidence. Accordingly, that their names should not be revealed, unless the whistleblower personally authorizes the disclosure of his/her identity.
- 4.5.3 Retaliation against any employee that files a Report or voices a concern under

this policy is strictly prohibited.

4.5.4 Any employee who feels that he or she has been subjected to any behavior that violates this policy should immediately report such behavior as specified in the section 4.3 of this policy.

4.5.5 However, staff members who make a report in bad faith, particularly if it is based knowingly on false or misleading information, shall not be protected by this policy and shall be subject to disciplinary measures.

#### **4.6 REVIEW OF THE REPORTS**

A summary of reports received under this policy will be communicated to the Audit Committee on a quarterly basis (or a more frequent basis if conditions warrant more timely action).

### **5.0. ROLES AND RESPONSIBILITIES**

#### **5.1.Chairman**

- Receiving and Investigating regarding any retaliation against an individual who reported a concern
- Consulting in the development and maintenance of the Policy

#### **5.2.Audit Committee**

- Reviewing and recommending approval of the Policy to the Board of Directors
- Oversight of the Whistleblower Program
- Receiving and investigating regarding the concerns involving Corporate Management

#### **5.3 Chief Executive Officer**

- Consulting in the development and maintenance of the Policy
- Conducting or assisting in the investigation of concerns which reported to him

#### **5.4.Head of HR**

- Developing and maintaining the Policy and communicate the policy to all the employees
- Coordinate the investigations of concerns, other than those performed under the direct supervision of the Audit Committee
- Communicating with employees, directors, and officers who have raised concerns
- Reporting to the Audit Committee regarding the summary of reports received under this policy

5.5. Compliance Officer

- Conducting or assisting in the investigation of violations of the law, regulatory breaches, non-compliance with manuals and guidelines.

5.1 Business Unit and Corporate Management

- Communicating and reinforcing the Policy
- Directing concerns raised through Pathways to Resolution channels to the appropriate department for investigation and resolution

5.2 All employees

- Acting with integrity and honesty in all financial reporting and other duties
- Reporting any wrongdoing or concerns of financial reporting or suspected fraudulent activities or breach of compliance policies, laws and regulations or Concerns regarding dignity at work or Retaliation

**6.0 AMENDMENTS TO THE POLICY**

Any amendments to this policy (excluding annexures) have to be reviewed by the Audit Committee and approved by the Board of Directors.

**Recommended to the Board Audit Committee to approve Adoption of this policy**

Manager Audit

CEO/ Executive Director

**Recommended to the Board of Directors**

**Board Audit Committee**

<b>Mr D Thotawatte ( Chairman)</b> <b>(Independent Non- Executive Director_)</b>	.....	<b>Agree/ Disagree</b>
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<b>Mr Mahesh Katulanda</b> <b>(Independent Non- Executive Director_)</b>	.....	<b>Agree / Disagree</b>
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<b>Mr J P C Jayalath</b> <b>(Independent Non- Executive Director_)</b>	.....	<b>Agree/ Disagree</b>
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<b>Mr G K Nanayakkara</b> <b>(Non- Independent Non- Executive Director_)</b>	.....	<b>Agree/ Dis</b>
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**Date.....**

## Annexure I

Some of the examples on possible events (but not limited to) for whistleblowing along with the recommended reporting channels are given below.

Criteria (defined in section 4.2)	Examples on possible events for whistleblowing	Recommended reporting channel *
Financial reporting	<ul style="list-style-type: none"> <li>• Manipulation of revenue figures</li> <li>• deliberate manipulation of expenses (eg: capitalize normal operating expenses)</li> <li>• misrepresenting the company and making false representations in press releases and other company filings</li> <li>• Overstatement of current assets on financial statements and failure to record depreciation expenses</li> </ul>	Chairperson of the Audit Committee or any member of the Audit Committee
Suspected fraudulent activity	<ul style="list-style-type: none"> <li>• corrupt practices such as giving or receiving bribes or other improper benefits</li> <li>• theft</li> <li>• misappropriation of money or funds held by an official (eg: cashiers)</li> </ul>	Chief Executive Officer
Violations of the law, regulatory breaches, non-compliance with manuals and guidelines	<ul style="list-style-type: none"> <li>• violations of governing laws and regulations</li> <li>• non-adherence to internal policies and guidelines</li> <li>• illegal practices</li> </ul>	Compliance Officer
Concerns regarding dignity at work	<p><b><u>Examples of Bullying Behaviour</u></b></p> <ul style="list-style-type: none"> <li>• Using aggressive, threatening or intimidating language or behavior</li> <li>• Belittling or undermining employees in front of others</li> </ul> <p><b><u>Examples of Sexual Harassment and Harassment on Grounds of Gender</u></b></p> <ul style="list-style-type: none"> <li>• Displaying physical behaviour of an unacceptable nature, such as close personal contact, unwelcome advances or sexually suggestive gestures</li> <li>• The display, storage or sharing of pornographic or sexually suggestive pictures or other materials</li> <li>• Using language that ridicules, intimidates or abuses an individual because of their gender or gender identity, such as degrading remarks or insults, or offensive comments about appearance or dress</li> </ul>	Head of HR



	<p><b><u>Examples of Racial Harassment</u></b></p> <ul style="list-style-type: none"> <li>• Use of racist words or derogatory or degrading language aimed at people from ethnic minority groups</li> <li>• The display, storage or sharing of racially offensive pictures or materials</li> <li>• Unfair treatment based on racial background, such as promotion or training being withheld because of negative assumptions about race.</li> </ul>	
Retaliation against an individual who reports a concern	<p>After a whistleblowing incident;</p> <ul style="list-style-type: none"> <li>• an employee may suddenly find himself/herself being assigned to different duties or even moved into a different position. The new role often involves duties that are below the employee's capabilities or even demeaning in nature. The supervisor may make the new role as difficult as possible by harshly critiquing results or implementing unreasonable time constraints for completing the assigned tasks.</li> <li>• blocking an employee from advancing within the organization. Blocking may take the form of conducting a negative performance review, which becomes part of the employee's permanent employment record and may also prevent him from receiving a promotion. When the employee applies for a new position within the organization, the supervisor may also attempt to block him by providing a negative recommendation. The supervisor may block advancement by selecting a less qualified candidate for a promotion.</li> <li>• excluding the employee from normal activities, attempting to create a sense of isolation. A supervisor may refuse to invite the employee to an important meeting or a social activity such as a group luncheon or outing. She may also exclude the employee from training sessions that could enhance the employee's job performance or opportunity for advancement. Exclusion can occur by relocating the employee to an area where she has little contact with other workers.</li> </ul>	Chairman

- Contact details of the recommended contact persons are given in Annexure II

## Annexure II

This page will up dated by way of a circular as and when changes takes place by the Internal audit Department

### Reporting channels - contact details

Position	Name	Contact number	Email
Chairman- Audit Committee	Mr D Thotawatte	0777263596	dushmantha.thotawtte@yakoo.co m
Chief Executive Officer	Mr K G Leelananda	077 209 2200	leelanandalcbl@gmail.cpm
Chief Internal Auditor	<b>Mr Isuru Dushan Jayakodiarachchi</b> Manager – Internal Audit	0715 209 115, 0112 825 404	isuru@lcbfinance.lk
Compliance Officer	<b>Mr W .D. M. Hasitha Wewita</b>	076 0988086	mangala@lcbfinance.lk
<b>Head of HR / Manager</b>	<b>Ms Nidarsha U. Sanjeewani</b>	<b>011-2825405 – Ext 227</b>	<b>hr@lcbfinance.lk</b>
<b>Members of Board Audit Committee</b>	<b>Mr Mahesh Katulanda</b>	<b>0714176988</b>	
	<b>Mr J P C Jayalath</b>	<b>0777915486</b>	
	<b>Mt G K Nanayakkara</b>	<b>0777715621</b>	