

# WHISTLEBLOWING POLICY



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## 1. OVERVIEW AND PURPOSE

This Whistleblowing Policy endeavors to encourage all Employees of LB Finance PLC (LBF) to voice concerns internally, expose irregularities and to disclose to a higher authority any wrongdoing or improper conduct including financial malpractices, fraudulent or unethical activity etc., at the workplace without any fear of retaliation or adverse consequences and is a part of internal communication **as specified in the LBF Corporate Communication policy.**

LBF ensures that this policy shall be made aware and disseminated to all employees in order to encourage and act in the spirit and meaning of the policy and warrants that the whistleblower employee who in good faith discloses or report any wrongdoing or improper conduct will be protected in confidentiality and without any victimization or subjected to retaliation.

## 2. DEFINITIONS

- a. Whistleblower:** A Whistleblower is an employee who discloses or report in good faith on his/her knowledge on any Wrongdoing or Improper Conduct by a person or group in a specific branch, department or occurring in the whole organization. Whistleblower will be covered and subject to 'Protected Disclosure' under this Policy. Accordingly, LBF is committed to the high standards of openness, probity, and accountability. In line with that commitment LBF expects staff, and others that we deal with, who have serious concerns, to come forward and voice those concerns. All concerns will be dealt with on a confidential basis.

This Whistle-blowing Policy makes it clear that a member of staff can do so without fear of victimization, subsequent discrimination, or disadvantage. It is intended to encourage and enable staff to raise serious concerns within LBF rather than overlooking a problem or 'blowing the whistle' outside.

- b. Wrongdoing or Improper Conduct:** means inter-alia financial malpractices, fraudulent or unethical activity, and substantial mismanagement of LBF resources etc., at the workplace that would, if proven, constitute:

- I. a criminal offence;
  - II. reasonable grounds for dismissing or dispensing with or otherwise terminating the services of LBF Employees who were or are engaged in that conduct; or
  - III. reasonable grounds for disciplinary action.
- c. **Employees:** means any employee/s of LBF including the Senior management and the Board of Directors.
- d. **Subject:** means any employee of LBF including directors, or a group of employees and/or directors, against whom a Protected Disclosure has been made or evidence received during the course of investigation. It could even be a group of individuals.
- e. **Allegation/s:** means accusation/s prior to such being proved.
- f. **Good Faith:** means the explicit belief in the legitimacy of the concern disclosed.
- g. **Retaliation:** means any action or threat of action which is unjustly detrimental to the Whistleblower, because of his/her report, including but not limited to harassment, discrimination, victimization and acts of vindictiveness, direct or indirect, that are recommended, threatened or taken against the Whistleblower.
- h. **Protected Disclosure:** means any communication made in Good Faith by Employees based on reasonable grounds that discloses or demonstrates an intention to disclose information that may evidence a Wrongdoing or Improper Conduct.
- i. **Whistleblowing:** means the deliberate, voluntary confidential disclosure of any concern encountered in the work place relating to a perceived Wrongdoing or Improper Conduct. This includes making a disclosure in the stakeholder interest and occurs when a member of staff raises a concern about danger, impropriety or illegality that affects others.

The following is a non-exhaustive list of Wrongdoing or Improper Conduct which LBF considers as requiring Protected Disclosure under the scope of the Policy:

- I. any type of fraud;
- II. incorrect financial reporting, financial malpractice and improprieties in financial reporting internal control or other matters;

- III. rendition of false returns;
- IV. falsification of records;
- V. forgery;
- VI. leakage of confidential data;
- VII. bribery and corruption;
- VIII. stealing/theft of LBF Assets/customer funds;
- IX. gross waste of LBF's resources or intended destruction of property;
- X. abuse of authority;
- XI. conflicts of interest without disclosure;
  - a. any other conduct which may cause loss to LBF, or otherwise be detrimental to the interests of the shareholders, customers and the public;
  - b. any concealment or suppression of information of any of the above;
  - c. any act or behavior that would be detrimental to the reputation of LBF or its subsidiaries;
  - d. abetting or intending to commit any of the above.
- XII. conduct that is an offence or a breach of law
- XIII. disclosures related to miscarriages of justice
- XIV. health and safety risks, including risks to the public as well as to other staff
- XV. damage to the environment
- XVI. the unauthorized use of public funds
- XVII. possible fraud and corruption
- XVIII. sexual or physical abuse
- XIX. other unethical conduct, such as covering up wrongdoing

**j. Investigator/s:** means the Compliance Officer acting in conjunction with the Managing Director, the Investigation Committee, Internal Auditor or specified person/s as directed by the Board Audit Committee (BAC) to carry out investigations under this Policy.

**k. Investigation Committee:** means an independent committee appointed by the Board Audit Committee (BAC) in order to conduct investigation on the 'Protected Disclosure' and shall consist of three (3) members of the same or higher rank than the person implicated who are not directly involved with the issue and shall include at least one (1) member of the Board Audit Committee.

### 3. AUTHORITY FOR THE WHISTLEBLOWING POLICY

- a. Overall authority for this Policy is vested with the **Chairperson of the Board Audit Committee (BAC)**.
- b. Managers have a specific responsibility to facilitate the operation of this Policy and ensure that Employees feel free to raise their concern without fear of reprisals, as per the below mentioned procedure.
- c. All Employees are responsible for the success of this Policy and should ensure to disclose any Wrongdoing or Improper Conduct of which they become aware.

### 4. SCOPE

- a. The Policy is for providing a channel, for all Employees to make **Protected Disclosure** in relation to any Wrongdoing or Improper Conduct, which such Employees has become aware of or genuinely suspects based on his/her reasonable belief that any person has engaged or is preparing to engage in.
- b. The policy applies to all LBF staff including Board Members and other Third-party agency workers, working for LBF.
- c. The Whistleblower's role is that of a reporting party with reliable information. He/she is not required to act as a fact finder. The Whistleblower shall not act on his/her own in conducting any investigative activities and he/she has no right to participate in any investigative activity unless requested to do so.
- d. A disclosure of Wrongdoing or Improper Conduct may also be made notwithstanding:
  - I. the Whistleblower is not able to identify a particular person to which the disclosure relates; or
  - II. the Wrongdoing or Improper Conduct has occurred before the effective date of this Policy.

- e. If the Whistleblower has engaged in any Wrongdoing or Improper Conduct, a disclosure made under this Policy shall not guarantee immunity from the consequences thereof.
- f. It is emphasized that this Policy is not designed to question any financial or business decisions taken by LBF. This Policy should not be confused with other policies that exist to deal with matters of personal concern which may include individual employee grievances.

Should it be determined during preliminary assessment or investigation that the concern disclosed does not fall within the scope of this Policy, such matter will be transferred to the appropriate person of the relevant department/s for appropriate procedures and actions to be taken, if considered necessary.

## 5. REPORTING A VIOLATION

LBF expects all employees to be responsible for compliance with the Policy, including the duty to seek guidance from the Responsible Officer whenever any aspect of the Policy is in doubt, and to report to the Responsible Officer any facts or circumstances that suggest a past or ongoing violation of this Policy by any officer, director, employee, consultant, agent, or other business partner acting on behalf of LBF.

This policy aims to,

- a. encourage staff to feel confident in raising serious concerns and to question and act upon concerns about practice.
- b. provide avenues for staff to raise those concerns and receive feedback on any action taken
- c. ensure that staff receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied.
- d. reassure staff that they will be protected from possible reprisals or victimization if they have a reasonable belief that they have made any disclosure in good faith.

## 6. SAFEGUARDS

### a. Retaliation

Protected Disclosure/s under this Policy must be raised in Good Faith and must not be made for the purposes of personal advantage or gain. A Whistleblower should have reasonable

grounds for believing or suspecting that there is Wrongdoing or Improper Conduct within LBF. A Whistleblower who discloses any Wrongdoing or Improper Conduct in Good Faith and in compliance with the Policy shall be protected against any act of Retaliation, as a result of such Protected Disclosure, even if it is later discovered that the Whistleblower is mistaken. This assurance will not be extended to an individual who maliciously raises a matter knowing it to be untrue.

If a Whistleblower has any reason to believe that he or she is being subjected to Retaliation for having made a Protected Disclosure under this Policy, the Policy facilitates such Whistleblower to immediately report those facts to the Chairperson of the Board Audit Committee. Reporting should be done promptly to facilitate investigation and the taking of appropriate action.

**b. Protection of the Identity**

Every effort will be made to keep the identity of the Whistleblower confidential, at least until any formal investigation is underway. In order not to jeopardize the investigation into the alleged malpractice or wrongdoing, the Whistleblower will also be expected to keep confidential the fact that a concern has been raised, the nature of the concern and the identity of those involved. Whistleblowers are cautioned that their identity may require disclosure, for reasons outside the control of LBF, such as if the legal process calls for such disclosure. In such a case the Investigator is required to notify the Whistleblower before revealing his/her identity and if possible, before such disclosure of identity, LBF shall discuss with the Whistleblower and endeavor to adopt the best possible recourse to proceed with the matter.

## 7. REPORTING PROCEDURES

**a. To whom should disclosures be made?**

- I. If the Protected Disclosure concerns an employee other than an Executive Director, the Whistleblower shall make such disclosure to the **Compliance Officer of the Company**, who will report the matter to the Board Audit Committee on a quarterly basis.



II. If the Protected Disclosure concerns an Executive Director, the Managing Director and/or a Non-Executive Director, the Whistleblower shall make such disclosure to the **Chairperson of the Board of Directors**, who will direct the matter to the Board Audit Committee.

**b. Form of reporting**

I. Protected Disclosures may be made verbally or in writing and should include details provided in c) below, and, if possible, supporting evidence. If a concern is raised verbally it should be reduced to writing so as to ensure a clear understanding of the Allegations raised.

II. The Protected Disclosure should be made directly via an appointment with or by email or in writing to the designated person as per Clause 6.1, whose contact details are given below:

Event	Reported To	Telephone	Email	Address
<b>1. Disclosures concerning any employee other than a Director</b>	<b>Varuna Perera Compliance Officer</b>	0112155280 /0764673498	<i>varunap@ lbfinance.lk</i>	LB Finance PLC, No. 20, Dharmapala Mw, Colombo 3
<b>2. Disclosures concerning Executive Directors, Managing Director and/or a Non-Executive Directors</b>	<b>Chairperson of the Board of Directors</b>	0773 146 246	gardprasanna @gmail.com	Chairperson of the Board of Directors, LB Finance PLC, 275/75, Prof. Stanley Wijesundara Mawatha, Colombo 07

- c. Protected Disclosures should be factual and not speculative and should contain as much specific information as possible, such as a brief summary of the Allegation, names of possible individuals involved or witnesses to the concern in question, date/s, place/s and other relevant information to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- d. It is highly encouraged that concerns are expressed as early as possible to enable quick responsive action.
- e. If the Whistleblower has any personal interest in the matter, this fact must be disclosed at the outset.
- f. **Anonymous Allegations:**

This Policy encourages the Whistleblower to reveal his/her identity in the Protected Disclosure. LBF is of the view that follow-up questions and investigations may not be possible unless the source of the information is identified. However, if the Whistleblower prefers anonymity due to a valid reason, such reason/s shall be clearly justified, and s/he shall indicate as to how, the facts disclosed could be verifiable despite the Whistleblower being anonymous.

## 8. INVESTIGATION PROCESS

### a. Investigation Authority

The authority to carry out investigations under this Policy shall only be vested in the Investigator (s), i.e. the Compliance Officer acting in conjunction with the Managing Director, the Investigation Committee, Internal Auditor or specific persons specially directed by the Board Audit Committee, as the case may be.

### b. Objectives of Investigation

The Investigator shall be under an obligation to meet the following objectives of an investigation:

- I. To collate information relating to the Protected Disclosure in an expeditious manner,

including steps to protect and preserve documentation, information, materials and equipment.

- II. To consider the information collected and draw conclusions in an objective and impartial manner.
- III. To maintain procedural fairness in the treatment of witnesses and the person who is the Subject of the disclosure.
- IV. To protect the identity of the Whistleblower.
- V. To make recommendations to the Compliance Officer or the Board Audit Committee, respectively, arising from the conclusions drawn concerning remedial or other appropriate actions.

**c. Jurisdiction**

- I. The Compliance Officer shall perform a preliminary assessment of the seriousness of the 'Protected Disclosure' made to him/her.
- II. The Compliance Officer in conjunction with the Internal Audit Department may conduct investigations into Protected Disclosures made or referred to him/her, which are trivial or which have insignificant or no adverse impact on LBF's business and reputation and report to the Managing Director. However, the Managing Director has a right to participate in or personally conduct such investigation.
- III. All Protected Disclosures, which in the opinion of the Compliance Officer is serious and or may have a significant adverse impact on LBF, shall be reported to the Managing Director for further instructions and investigations.
- IV. Where the Managing Director is of the opinion that a Protected Disclosure reported or referred to him/her is serious and may have a significant adverse impact on LBF, the Protected Disclosure shall be referred to the Board Audit Committee for its deliberations.
- V. Where an issue cannot be resolved and warrants further scrutiny or an investigation, the Board Audit Committee may appoint an Investigation Committee to independently investigate the Protected Disclosure.
- VI. In addition to setting up an Investigation Committee, the Audit Committee may request for further investigations to be performed by the Internal Auditor or other

specific persons decided by the Board Audit Committee.

#### **d. Timeline**

This Policy aims to resolve concerns raised in an impartial, respectful and timely manner through a process of thorough investigation.

The investigation should commence within two (2) weeks of the Protected Disclosure, if the preliminary assessment warrants it. The investigation shall be finalized in a timely manner wherever possible, with the matter being resolved within sixty (60) days from the date of receipt of the disclosure. However, it is recognized that exceptional circumstances may exist where the resolution process may take longer.

#### **e. Terms of Reference**

Before commencing an investigation, the Investigator will draw up terms of reference and obtain authorization for such terms from the Managing Director or the Board Audit Committee. The terms of reference will set a date by which the investigation report is to be concluded and will describe the resources available to complete the investigation. The terms of reference will require the Investigator to make regular reports to the Managing Director or the Board Audit Committee as may be relevant, regarding the progress of the investigation.

#### **f. Conduct of an Investigation**

The Investigator shall, as soon as it is practicable upon receipt of a Protected Disclosure conduct a preliminary assessment on the available information received. This may require a preliminary interview with the Whistleblower (if applicable) to obtain additional information.

During the course of the investigation, interviews must be conducted whenever possible with all relevant witnesses and every attempt must be made to gather useful data and materials from all available sources. All interviews and activities associated with the investigation must be documented in writing and filed for the purpose of record to support findings, recommendations or any other actions.

### **g. Ongoing Reporting Requirements**

An Investigator is required to report all Protected Disclosures made, the status of all pending ongoing investigations, and any action taken or to be taken as a result of the investigations as well as the status of the follow-up action taken to the Board Audit Committee. A report approved by the Board Audit Committee shall be submitted to the Board of Directors, if the outcome of the investigation substantiates fraudulent or unlawful activities, which have occurred within the LBF.

### **h. Final Investigation Report (“FIR”)**

- I. At the conclusion of the investigation, the Investigator shall submit the FIR of his/her findings to the Board Audit Committee.
- II. The FIR should contain the following:
  - The Allegation/s and account of all relevant information received. If the Investigator has rejected any evidence as being unreliable, the reasons for forming such opinion.
  - The conclusion reached and the basis for the same.
  - Any recommendations arising from the conclusions.
  - The steps that are required to be taken by LBF to prevent the continuation of such conduct or the recurrence of such conduct in the future and any action that should be taken by LBF to rectify any loss or harm arising from the conduct, including disciplinary action.
  - The FIR shall be accompanied by the following documents:
    - I. The transcripts or other records of any oral evidence
    - II. All documents, statements or other exhibits received by the Investigator and accepted as evidence during the course of investigation. The FIR should not disclose particulars likely to lead to the identification of the Whistleblower.

#### **i. Referral to External Enforcement Authority**

LBF reserves the right to refer any concerns or complaints to appropriate external law enforcement agencies or relevant regulatory authorities for independent investigation or initiation of legal action.

### **9. DUE CARE**

LBF will respond to concerns raised by a member of staff who must not forget that testing out concerns is not the same as either accepting or rejecting them. Where appropriate, the matters raised may,

- a. be investigated by management or through the disciplinary process
- b. be referred to the police
- c. be referred to the external auditor; and/or

### **10. HOW A PROTECTED DISCLOSURE WILL BE HANDLED?**

- a. All disclosures will be taken seriously and the following procedure will be used:
  - I. The Managing Director or the Board Audit Committee, as the case may be, shall allocate a suitable person as the Whistleblower's key contact person to keep the Whistleblower up to date with the matter and to provide any specific support that may be needed.
  - II. A Protected Disclosure under this Policy will be acknowledged in writing confirming that the matter will be investigated and that LBF will revert in due course.
  - III. The Board Audit Committee will manage the disclosure.
  - IV. The Whistleblower will be given written notification of the outcome of the investigation, though not all the details or a copy of the report.
  - V. Possible outcomes of the investigation could be that:
    - the Allegation could not be substantiated; or
    - Appropriate action has been taken to prevent a recurrence. The Whistleblower will not be privy to the action taken.

- b.** If the Whistleblower is not satisfied with the outcome of the investigation he/she shall have the right to submit a report to the Board Audit Committee within ten (10) days of being notified of the outcome in writing, outlining the reasons for his/her dissatisfaction. The concern shall be re-investigated as per the procedure setout herein.
- c.** If there is insufficient evidence to establish a malpractice or wrongdoing or the alleged actions are not serious enough to warrant disciplinary action, the matter may be dealt with in a more informal manner.

## **11. RIGHTS AND DUTIES OF THE SUBJECTS**

- a.** The Subject of the Allegations will generally be informed of the Allegation/s if consequent to a preliminary assessment the Investigator is of the view that the disclosure merits further investigation.
- b.** The Policy requires the Subject not to interfere with the investigations, not to withhold, destroy or tamper with the evidence in support of such Allegations and not to influence, coach, threaten or intimidate the witnesses. Subjects will be given the opportunity to respond to the material findings of the investigation, unless there are compelling reasons not to do so. The Policy ensures the right of a Subject to be informed in writing of the outcome of the investigation.

## **12. FALSE ALLEGATIONS**

- a.** The Policy, while ensuring that genuine Whistleblowers are protected from any kind of harassment, victimization or reprisal, recognizes that Employees making malicious or vexatious Allegations shall be subject to disciplinary action. This is not meant to discourage or limit the rights of any Employees from making Protected Disclosures of alleged wrongdoing and improper conduct. Employees should not hesitate to report such information only by reason that such individual is uncertain of whether the Allegations can be proved.

- b.** LBF reserves the right to take disciplinary action against those who:
  - I.** willfully disclose any matter through the Whistleblowing mechanism under this Policy, knowing the matter to be false; or
  - II.** makes a report/s with the intention to deceive or misinform.
- c.** No action will lie against a Whistleblower who makes an Allegation in Good Faith, but which Allegation is not confirmed by the investigation.

### 13. RETENTION OF DOCUMENTS

All Protected Disclosures in writing or documented along with the evidence and results of an investigation relating thereto shall be marked “CONFIDENTIAL” and shall be retained securely by LBF and confidentiality of the same shall be strictly maintained. LBF ensures that there will be no opportunity for such Protected Disclosures and other related documentation to be tampered or destroyed in any way whatsoever pending investigation.

### 14. POWER TO ACCESS RECORDS AND PREMISES

The Investigator, with the prior knowledge and approval of the Board Audit Committee, shall have:

- a)** Free and unrestricted access to records and office premises as may be required;  
and
- b)** The authority to examine, copy, and/or remove all or any portion of contents of files, desks, cabinets and other storage facilities.

The Investigator shall be reporting and accountable to the Board Audit Committee.



## 15. REVIEW AND AMENDMENTS TO POLICY

- a.** The Board Audit Committee shall be responsible for monitoring the effectiveness and compliance of the Policy, and the Policy shall be reviewed annually or amended as per changing internal and regulatory requirements to ensure it remains relevant and effective.
  
- b.** The Board Audit Committee reserves its right to amend or modify this Policy, in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification will be binding on the Employees unless the same is notified in writing.