

## **COMPANY POLICIES**

**As per rule 9.2 of the Listing Rules of the Colombo Stock Exchange**

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<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON THE MATTERS RELATING TO THE BOARD OF DIRECTORS</b>	Effective date 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

## **1. Policy on the matters relating to the Board of Directors**

The Board aims at fulfilling its responsibilities by creating value for all the stakeholders that is sustainable and beneficial. Under the direction of the Executive Directors and oversight of the Board, the business of the Company is conducted by its managers to enhance the long term value of the Company. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company.

The Board's composition reflects a sound balance of independence. Whilst the management provides information to the Board on regular basis, relating to the Company operations, the Board meets quarterly and gives full consideration to the followings;

- a. Reviewing of strategic and key business performances
- b. Reviewing of profit/loss and asset position and quarterly management accounts
- c. Providing advice and guidelines to senior Managers
- d. Approving major Investments
- e. Approving the Interim and Annual Reports
- f. Risk management and adequacy of internal controls of the Company
- g. Seeking business developments and expansions in the Company
- h. Reviewing reports of Related Party Transactions, Compliance with legal and regulatory requirement

The Chairman ensures that Board members have access to adequate information and are provided with sufficient opportunity to obtain clarifications on the matters before the meetings through presentations and documents prepared by the management and their teams. Board members also have access to key management personnel for any clarifications. Chief Financial Officer present the updates on performance of the Company, compliance with regulatory requirements such as Colombo Stock Exchange Listing rules, Companies Act requirements and compliance with tax regulations.

Directors can hold maximum number of directorship in other Listed entity limited 10.

## **BOARD COMMITTEES**

i. The Board may discharge any of its responsibilities through Board Committees appointed from amongst its members subject to the applicable laws from time to time.

ii. The Board has established the following Committees:

- Audit & Risk Committee
- Nominations & Governance Committee
- Remuneration Committee
- Related Party Transactions Review Committee

## **MEETINGS OF THE BOARD**

Frequency and convening of the Board meetings

1. The Board shall normally meet at least every three (3) months, to review the activities of the Company and to consider any matters on the agenda.
2. The Board may hold additional meetings at any time upon due notice.
3. Board meetings are convened by the Chairman in accordance with the Articles.
4. Upon request of any Director the Chairman shall convene a Board meeting on a specific agenda proposed by the Requesting Director.
5. The convening notice may be made in any form, including through electronic means or orally and shall specify the date, time, place and agenda of the meeting within a five (5) day notice period except in case of exceptional circumstances.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON BOARD COMMITTEES</b>	Effective date 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

## 2. POLICY ON BOARD COMMITTEES

Board Committees has established committees for better monitoring and guidance of different aspects of operations and control.

### i. **Audit Committee**

In keeping with the Code of the Best Practice on Corporate Governance and the requirement of the Securities and Exchange Commission for Public Listed Companies, Renuka Group has established an Audit Committee whose function, authority and duties have been clearly identified in the Audit Committee Charter.

This Charter integrates all the requirements of the Securities and Exchange Commission and the Code of Best Practice on Corporate Governance. The role of the Audit Committee is to oversee the financial reporting system of the Company with a view of safeguarding the interest of all the stakeholders and ensuring that it has been extended to its subsidiaries. This includes selecting and applying appropriate accounting policies for the purpose of financial reporting, ensuring sound internal control principles and its effective implementation, ensuring the integrity of Financial Statements and maintaining an appropriate independent relationship with the Company auditors.

**Role of the Audit Committee**-The main role and the responsibilities of the Audit Committee include;

- a. Assisting the Board in discharging its responsibilities by satisfying the Board oversight responsibilities in relation to quality and integrity of the Financial Statements of the Company. This includes preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.
- b. The overall responsibility in ensuring that the Internal controls systems and risk management systems of the Company are adequate and comply with legal and regulatory requirements.
- c. Oversight responsibility to ensure compliance in relation to financial reporting requirement and the information requirement as required by Companies Act No. 07 of 2007 and other relevant financial reporting related regulations and requirements.

- d. Assessing the independence, qualifications and performance of External Auditors.
- e. Making recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and approval of the remuneration and terms of engagement of the external auditors.
- f. Discussion of the audit plan, key audit issues and their resolution
- g. Discussion of the Company's Interim Financial Statements and Annual Audited Financial Statements with management and the Auditors.
- h. Review the quarterly results and year-end financial statements of the Company prior to tabling for the approval of the Board of Directors of the Company with special reference to changes in or implementation of major accounting policy changes;
- i. Oversee the Company's compliance with financial reporting requirements, information requirements under CSE Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.
- j. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - a) Compliance with accounting standards and other legal requirements;
  - b) Any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - c) Any letter of resignation from the external auditors of the Company; and,
  - d) Whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment
  - e) To make recommendations to the Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.
- k. Obtain and review assurance received from:
  - a) The CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
  - b) The CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

- c) Review the internal controls in place to prevent the leakage of material information to unauthorized persons.
- l. Oversee the processes to ensure that the Company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Public Standards.
- m. Review and assess the company's risk management process, including the adequacy of the overall control environment and controls in areas of significant risks and updated business continuity plans.
- n. Review the risk policies adopted by the Company's on an annual basis.
- o. Take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the Listed Company's policies and regulatory requirements.
- p. Review the scope and results of the internal and external audit and its effectiveness, and the independence, performance and objectivity of the auditors.
- q. To develop and implement policy on the engagement of the external auditor to supply non-audit services, at minimum taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and to report to the Board identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps ought to be taken.
- r. if a change of auditor is recommended by the Audit Committee in circumstances where the audit opinion of the immediately disclosed financial period or any period where subsequent disclosure of audit opinion is pending and such opinion carries a modification or an emphasis of matter of going concern, then the Audit Committee report shall include the rationale of the Audit Committee for recommending the removal of the auditor.
- s. Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of a Company has not been satisfactorily resolved resulting in a breach of CSE Requirements, the Audit Committee shall promptly report such matter to the Exchange.

ii. **Related Party Transactions Review Committee (RPTR)**

Related Party Transactions Review Committee (RPTR) comprise of three independent nonexecutive Directors.

The Related Party Transactions Review Committee (RPTR) was constituted with an objective of keeping in line with the Code of Best Practice on Corporate Governance and the requirement of the Securities and Exchange Commission with a view to ensure that the interests of shareholders as a whole are taken into account by Renuka Group and are consistent with the Code when entering into Related Party Transactions and made required disclosures in a timely manner. The committee has also adopted the Best Practices as recommended by the Institute of Chartered Accountants of Sri Lanka and Colombo Stock Exchange.

Policies and procedures of Related Party Transactions Review Committee;

- a. Ensuring the threshold values as set out by the code of CSE which require discussion in detail and disclose.
- b. Identifying related party transactions that need pre-approval from the Board of Directors and need immediate market disclosure. And identify transactions that need shareholder approval and disclosure in the Annual Report.
- c. Formulating a standard template to implement to all listed subsidiaries in the Group to follow when documenting RPT when presenting to RPTR Committee.
- d. Establishing proper guide lines to identify recurrent & non-recurrent Related party transactions to review economic and commercial substance of the related party transaction.
- e. Establishing a method of having access to adequate knowledge or expertise to assess all aspects of proposed related party transactions where necessary and procedure for obtaining appropriate professional and expert advice from appropriately qualified persons.
- f. Providing guidelines which senior management must follow dealing with related parties.
- g. Quarterly review to ensure that adequate disclosures have been done in the market or Annual Report as required by the Code.
- h. The Committee communicates its comments/ observations to the Board of Directors after each review of related party transactions.

#### **Task of the Committee**

- a. The Committee review the related party transaction presented to them by the management and their compliance in Renuka Group and communicate the same to the Board of Directors.

- b. The Board of Directors declares that no RPT falling within the scope of the Code was entered into by the Company during the financial year without appropriate disclosure having been made.
- c. The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.
- d. The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.
- e. Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.
- f. If a Director of the Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not:(a) be present while the matter is being considered at the meeting; and, (b) vote on the matter
- g. Subject to the exemptions given in terms of Rule 9.14.10, the Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.
- h. In the event of any material changes to a previously reviewed Related Party Transaction; such proposed material changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.
- i. The Related Party Transactions Review Committee shall be provided with all the facts and circumstances of the proposed Related Party Transaction by the senior management to facilitate the review of a Related Party Transaction. Such information shall include where applicable:
  - a. the Related Party's relationship to the Company and interest in the transaction;
  - b. the material facts of the proposed Related Party Transaction, including the proposed aggregate value of such transaction;
  - c. the benefits of the proposed Related Party Transaction to the Company; (iv) the availability of other sources of comparable products or services; and
  - d. an assessment of whether the proposed Related Party Transaction is on terms that are comparable to the terms generally available to an unaffiliated third party under the same or similar circumstances, or to employees generally.



- j. In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Related Party Transactions Review Committee shall take into account the following, among other factors it deems appropriate:
- (i) the facts and circumstances made available to it as set out above,
  - (ii) the views of the Chairperson of the Board of Directors and the Chairperson of the Nominations and Governance and/or Audit Committee of the impact of the proposed Related Party Transaction on a director's independence (if the related party is a director, a close family member of a director or an entity in which a director is a partner, shareholder or executive officer); and
  - (iii) whether the Related Party Transaction requires immediate market disclosure, as set out in these Rules.

h. No Director shall participate in any discussion of a proposed Related Party Transaction in which he or she is a Related Party, except that the Director, at the request of the Committee, may participate in discussions for the express purpose of providing information concerning the Related Party Transaction to the Committee. Where deemed necessary considering the issues of potential conflict, which were presented to the Committee, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction.

i. If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.

### iii. **Remuneration Committee**

Composition of the Committee The committee consists of three non-executive directors who are independent. The members of the committee have wide experience and knowledge of the business industry Renuka Group engage in.

### **Independence of the Committee**

The committee is independent from the management of the business and not involve in any business operations. The scopes of the Committee are;

- a. The committee study and recommends the remuneration policy of Directors & Key Management Personnel.
- b. Review the performances of Key Management personnel on periodic basis.

- c. The Committee recommends the remuneration based on the prevailing market rates and perquisites applicable to the Key Management personnel of the Company and makes appropriate recommendations to the Board of Directors for Approval.
- d. The Committee also carries out periodic reviews to ensure that the remunerations are in line with market conditions. The Remuneration Policy is to attract and retain best professional managerial talent within the Renuka Group and also to motivate and encourage them to perform at the highest possible level.
- e. The Group has a structure and professional methodology in evaluate the performance of employees. The policy ensures equally and fairness between the various employees is maintained.

**iv. Nomination & Governance Committee**

**The directives of the Committee are,**

- a. To identify suitable persons who could be considered to become Board member as a Non-Executive Director.
- b. To recommend to the Board the process of selection of Chairman and Deputy Chairman.
- c. Make necessary recommendation to the board as and when needed by the Board.

**The Scope of the Committee is;**

- a) Evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company. However, a member of the Nominations and Governance Committee shall not participate in decisions relating to his/her own appointment.
- b) Consider and recommend (or not recommend) the re-appointment/re-election of current Directors taking into account;

The combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and, the number of directorships held by the Director in other listed and unlisted companies and other principal commitments

- c) Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Company.
- d) Establish and maintain a set of criteria for selection of Directors such as the academic/professional qualifications, skills, experience and key attributes required

for eligibility, taking into consideration the nature of the business of the Company and industry specific requirements.

- e) Establish and maintain a suitable process for the periodic evaluation of the performance of Board of Directors and the CEO of the Company to ensure that their responsibilities are satisfactorily discharged.
- f) Develop succession plan for Board of Directors and Key Management Personnel of the Company.
- g) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities.
- h) Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices.
- i) Periodically review and update the corporate Governance Policies / Framework of the Company in line with the regulatory and legal developments relating to same, as a best practice.
- j) Receive reports from the Management on compliance with the corporate governance framework of the Company together with any deviations/non-compliances and the rational for same.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION</b>	Effective Date 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

### **3. POLICY ON CORPORATE GOVERNANCE, NOMINATIONS AND RE-ELECTION**

Renuka Group is involved in Investing and trading in equity and other alternative asset classes. Therefore, structured and sound Corporate Governance is required to mitigate the risk involved and to provide added value to its shareholders and other stakeholders.

The Renuka Group Corporate Governance frame work facilitates to adhere and adopt a well sound corporate governance framework that facilitates effective management of corporate relationship and deliver continuous values to its stakeholders. Core principles of accountability, participation and transparency have been in-built to the corporate governance system and manages the wider range of Companies in the Renuka Group.

This is a robust framework of structures, principles, policies, procedures, codes and processes to ensure that our Group values and standards are maintained throughout the Companies in the Group. Corporate Governance essentially involves balancing the interests of the shareholders and many stakeholders of the Company - which extend to Management, Customers, Suppliers, Financiers, Government and the Community. Since Corporate Governance also provides the framework for attaining the objectives of the Company, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

The Company holds itself accountable to the highest standards of Corporate Governance and provides public accessibility to the information of the Company.

Corporate Governance has been institutionalized at all levels in the Group through a strong set of corporate values which have been adhered to by the Senior Management and Board of Directors in the performance of their official duties and in other situations which could affect the Company image.

The Company is committed to the highest standards of integrity, ethical values and professionalism in all its activities. At the Group level, Renuka Group set framework of Corporate Governance in line with Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the rules set out in the Colombo Stock Exchange Listing Rules and also comply with the Country's Legislative and Regulatory requirement.

Corporate Governance System The Board of Directors who are appointed by the shareholders are the ultimate governing body of the Company having the highest decision making authority and overall responsibility for determining the strategic directions of the Company. In all actions taken, the Board of Directors are expected to exercise their business judgment considering the best interest of the Company. The Corporate Governance framework is subject to continuous reviews, assessments and improvements to provide best interest to its stakeholders.

### **Nominations and Re-election**

Board Appointment and Re-election of Directors the Board follows a formal process to appoint Directors to the Board mainly through the recommendation of the Nomination Committee. The Articles of Association of the Company require one third of the Non-Executive Directors retire at each Annual General Meeting and the Directors who retire are those who have served the longest periods after their respective appointments/re-appointments.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON REMUNERATION</b>	Effective Date 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

#### **4. POLICY ON REMUNERATION**

##### Introduction

This Remuneration Policy of governing bodies describes remuneration principles and framework for the members of the Board of Directors of Renuka Group.

The objective of the remuneration at Renuka Group is to promote: -

- Implementation of the Company's strategy
- Achieving Company's long-term targets
- Development of positive shareholder value
- Individual accountability and fair remuneration

Remuneration committee appointed for that purpose prepares the Company's Remuneration Policy.

##### **Remuneration of the Board of Directors**

The remuneration of the chairman of the Board, and the members of the Board shall fairly reflect the responsibility, the amount of work and qualifications required for the role. Remuneration may vary based on position, workload and responsibility, in proportion to the skills, duties and time required of the members of the Board of Directors to perform their duties. Please refer Remuneration committee under policy No. 2.

<b>RENUKA COMPANIES</b>	<b>GROUP OF</b>	<b>POLICY ON MANAGEMENT INTERNAL CONTROLS</b>	<b>RISK AND</b>	Effective Date 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024				

## **5. POLICY ON RISK MANAGEMENT AND INTERNAL CONTROLS**

1. The objectives of the Policy are to promote:
2. Effective communication with shareholders is in accordance with the Investor Relations Policy & applicable regulations.
3. Ready access to balanced and clearly understandable information about the Company and corporate proposals.
4. Provide prompt and proactive disclosure of all information relevant to all aspects of the company's operations.
5. Easy participation in general meetings.

### Principles of Disclosure Policy

1. The Company recognizes that effective communication with investors assists the creation and maintenance of an informed market in the Company's securities and enhances corporate governance by encouraging a culture of transparency in relation to the Company's corporate activities and proposals.
2. The Company keeps investors and the market fully informed of information that may have a material effect on the price or value of the Company's securities by timely disclosure of information through Stock Exchanges. The company will take precautions against selective disclosure.
3. The Company, where appropriate, also provides relevant information to media organizations to ensure the broadest possible communication with investors and the general market.
4. The Company encourages the development of effective communication tools to implement this Policy. In particular, the Company encourages electronic communications and participation in general meeting in accordance with this Policy.
5. The website of the company will be used to disseminate information. Information available on the website includes Annual Reports, quarterly reports and other financial and material information.

## **2. Policy on Risk management**

- i. Define the applicable risk management strategy in each organizational area, which depending on its type and exposure, may consist of accepting the risk, interrupting the activity that generates the exposure, mitigating the risk through the preventive or contingent measures applicable according to its nature, or transferring the exposure to third parties, in accordance with the internal regulations that the Company has developed for this purpose.
- ii. Reasonably ensure compliance with the objectives of each organizational area, including operational, financial and non-financial objectives, communication of financial and non-financial information, and regulatory compliance, through information and internal control systems based on the principles of the Renuka Group reference framework.
- iii. Informing transparently the risk control systems, the main risks faced by the Group that could affect the achievement of its business targets, as well as of the tolerance levels.

## **3. INTERNAL CONTROLS POLICY**

### **PURPOSE**

The purpose of this risk management and internal control policy is to communicate Renuka group of companies' commitments to managing enterprise-wide risks and to establish clear responsibilities for itself in order to maximize strategic and operational achievement.

### **SCOPE AND CONTEXT**

This policy applies to directors, management and staff of Renuka Group of companies. Renuka Group of companies is committed to the formal, systematic and structured proactive management of risks across the organization.

Risk is inherent in all aspects of Renuka Group of companies' activities and whilst many of these risks cannot be eliminated, they can, however, be identified, quantified and managed. Risks that impact on the objectives of Renuka Group of companies can offer both opportunity and threat. This policy is designed to provide Renuka Group of companies' personnel with a systematic framework in order to minimize threats and maximize opportunities to Renuka Group of companies.



## **KEY OBJECTIVES**

- a. This policy confirms that Renuka Group of companies is committed to implementing a strategic, consistent and structured enterprise-wide approach to risk management in order to effectively manage opportunities for gain and minimise the impact of threats causing losses.
- b. Risk will manifest itself in many forms and has the potential to impact the health and safety, environment, community, reputation, regulatory, operational, and financial performance of Renuka Group of companies and, thereby, the achievement of the organisation's objectives.
- c. By understanding and managing risk, Renuka Group of companies will provide greater certainty and confidence to our stakeholders, Directors and employees and for the communities in which Renuka Group operate.
- d. Renuka Group of companies will use risk management capabilities to maximise the value from assets, projects, and other business opportunities and to assist in fostering participation and/or performance in the organisation.
- e. Risk management will be embedded into business activities, functions and processes. Risk understanding and tolerance for risk will be key considerations in decision making.
- f. Risk issues will be identified, analysed and ranked in a consistent manner. Common systems and methodologies will be used.
- g. Risk controls will be designed and implemented to reasonably assure the achievement of organisational objectives. The effectiveness of these controls will be systematically reviewed and, where necessary, improved.
- h. Risk management performance will be monitored, reviewed and reported. Oversight of the effectiveness of risk management processes will provide assurance to executive management, the Board and relevant stakeholders.

## **4. REVIEW OF POLICY**

The Board shall monitor the company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness and report on that review in the annual report. The monitoring and review shall cover all material controls, including financial, operational and compliance controls.

## **5. ACCESS TO THE POLICY**

This policy will be available for viewing to any director or employee of Renuka Group of companies. In addition, this policy may be made available to any third party at the discretion of the Renuka Group of companies Executive Director.

## **6. RISK MANAGEMENT PROCESS AND PROCEDURES**

Renuka Group of companies' risk management policy provides a system to manage the risks associated with its core activities.

## **7. RISK MANAGEMENT REQUIREMENTS**

- a. Risk management will be incorporated into the strategic and operational planning processes of Renuka Group of companies;
- b. Risk and the management of risk will be identified and monitored according to the Renuka Group of companies' enterprise-wide risk management policy;
- c. Risk assessments will be conducted on all new ventures and projects prior to commencement to ensure alignment with the Renuka Group of companies' risk appetite and organisational objectives;
- d. Risks will be identified, reviewed and monitored on an ongoing basis;
- e. Risks will be assessed and evaluated against the Renuka Group of companies Risk Management Framework

## **8. RISK MANAGEMENT FRAMEWORK**

The group risk management plan is modeled on the COSO's Enterprise Risk Management - Integrated Framework. This framework defines Enterprise Risk Management as:

"Enterprise risk Management is a process, effected by an entity's Board of Directors, Management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risks to be within its risk appetite, to provide a reasonable assurance regarding the achievement of entity objectives".



## ELEMENTS OF THE RISK MANAGEMENT FRAMEWORK

### 8.1.1 Internal Environment

The first step is to prepare the internal environment of an organization for the ERM implementation. ERM would involve the preparedness of the organization from board level to lower level for the ERM. Organization would define

- a. Risk Management Philosophy and risk appetite
- b. Establishing a code of conduct and whistle blower policy
- c. Assign responsibility and authority

### 8.1.2 Objective setting

The ERM requires that the organization mission, its strategic objectives, derived objectives be aligned. Further, derived objectives should also reflect that they are in line with the overall organizational objective.

The strategic objectives thus translate into operational, reporting, and compliance objectives. Such and alignment facilitate further steps of events/risk identification, risk assessment and mitigation.

### 8.1.3 Event identification

This is identification of the events which may affect the entity positively or negatively in achieving its objectives. Such events can be classified as risks and opportunities depending on their impact.

### 8.1.4 Risk assessment

Once events/risks are identified, the next step is assessing the risk in terms of their impact on the objectives and likelihood of such an impact. This is done by assigning qualitative and quantitative values to each risk events and its likelihood. All risk events need to be first evaluated on an inherent basis (considering their impact assuming that there is no remediation or response mechanism). this risk should also be assessed after consideration of the available response mechanism to assess their residual risk. Such assessment would facilitate in risk ranking and subsequent prioritization of remediation.

#### Risk assessment rationale

Risk rating is based on the combinations of ratings for significance and likelihood.

Likelihood \ Impact	Likely	Possible	Remote
High	Higher	Higher	Moderate
Medium	Higher	Moderate	Lower
Low	Moderate	Lower	Lower

#### Risk assessment rationale - Definitions

Impact		Likelihood	
<b>High</b>	Serious impact on operation, reputation, earnings or shareholder value	<b>Likely</b>	Conditions within the environment indicate that an event could occur in the immediate future
<b>Medium</b>	Significant impact on operation, reputation, earnings or shareholder value	<b>Possible</b>	Conditions within the environment indicate that an event could occur in the short-term future

<b>Low</b>	Less significant impact on operation, reputation, earnings or shareholder value	<b>Remote</b>	Conditions within the environment indicate that an event could occur in the long-term future
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### Risk Matrix

The Board of Renuka Group of companies has approved the following risk matrix

		Likelihood		
		Remote	Possible	Likely
Impact	High	Moderate	Higher	Higher
	Medium	Lower	Moderate	Higher
	Low	Lower	Lower	Moderate

#### 8.1.5 Risk Response

Management needs to evaluate each risk based on its gross risk and develop or identify existing response mechanism to ensure that the net/residual risk is within the risk tolerance level of the company. Management also should perform a cost benefit evaluation of the risk responses. Response to the risk can be avoid, reduce, share, accept.

#### 8.1.6 Control Activities

Risk response is the starting point of risk mitigation. However, risk can be mitigated only when the response is implemented. Similarly, responses across the organization at various levels should also be implemented. Controls are activities which ensure that the risk response is implemented for the identified risks. Thus, each of the risk response would have a control activities like reviews, approvals, authorizations, policy and procedures, segregation of duties etc.

### **8.1.7 Information and communication**

Information and communication flow has to be smooth and efficient throughout all other phases. Management needs to develop efficient information flows within and outside the organization. Information should be effectively communicated throughout the organization from top to bottom and otherwise. There should be an adequate escalation mechanism.

### **8.1.8 Monitoring Activities**

Management should take steps to ensure that there is an adequate monitoring of the activities, to ensure that the risk response mechanisms and control activities are ensuring the objectives are achieved. Monitoring mechanisms need to be instituted internally and/or at periodic intervals by way of external assessments. In addition to monitoring mechanisms, there should also be adequate escalation of significant issues to middle, senior management and Board of Directors.

## **9. RISK MANAGEMENT COMPLIANCE AND CONTROL**

In developing a culture of risk management, Renuka Group of companies' senior management is responsible for appropriate responses to manage risk, aided by the risk action plans.

## **10. ASSESSMENT OF EFFECTIVENESS**

Renuka Group of companies assesses the effectiveness of its risk management plan through structured continuous improvement processes to ensure risks and controls are continually monitored and reviewed.

## **11. REPORTING REQUIREMENTS**

Renuka Group of companies' senior management via the Renuka Group of companies Executive Director ensures that the Board is adequately informed of significant risk management issues and the actions undertaken to manage risks on a regular basis. The following reporting process is in place:

- a. Management will regularly review the risks and perceived level of risk as appropriate.
- b. The Board to be briefed on all major risks by the Executive Director.

## 12. RISK MANAGEMENT RESPONSIBILITIES

### 12.1.Renuka Group of companies

The Board of Renuka Group of companies is responsible for overseeing the establishment (and implementation via management) of risk management systems and reviewing the effectiveness of these systems.

#### **The Board's role in relation to risk management includes:**

- a.* overseeing the creation, implementation and maintenance of the risk management system of Renuka Group of companies and its internal control framework, including information systems;
- b.* reviewing the effectiveness of Renuka Group of companies' implementations of its risk management systems and internal controls on an on-going basis and reviewing the outcome of any non-financial audits;
- c.* seeking to reach a common understanding with management and auditors about the risk management process, key financial and regulatory risks and related controls including focusing on the "key" risks which are considered to be currently, or may in the future be, more significant or more likely to occur;
- d.* analyzing the effectiveness of Renuka Group of companies' risk management and internal compliance systems and the effectiveness of their implementation;
- e.* developing an understanding of the overall business environment, relevant laws and codes of importance to Renuka Group of companies and the programs/projects that Renuka Group of companies has in place to provide reasonable assurance of compliance;
- f.* reviewing Renuka Group of companies' health and safety at work policy and ensuring regular reporting to the Board on issues related to workplace health and safety;
- g.* ensuring that the Board is informed that Renuka Group of companies' financial reports present a true and fair view in all material respects, of the groups' financial condition and operational results and are in accordance with the relevant accounting standards; are founded on a sound system of risk management and internal compliance and controls.;
- h.* reviewing insurance coverage;

## **12.2 Audit Committee / Risk Management Committee**

**The Audit Committee / Risk management Committee is comprised of the 3 independent non-executive directors who are appointed by the board of directors.**

It is responsible for:

- a.* implementation of the principles, actions and requirements of the risk management plan and monitoring its implementation within Renuka Group of companies;
- b.* provision of the necessary tools and resources to identify and manage risks;
- c.* review of risks on a quarterly basis, including identification of new risks, changes to existing risks and retirement of previously identified risks (through a formal decision-making process);
- d.* the manner in which ownership of risks is taken by senior management or others in accordance with function or expertise;
- e.* regular reporting of the status or risk items to the Board;
- f.* appraisal of actions taken to manage risk;
- g.* internal compliance and control systems for the implementation of the risk management plan;
- h.* consideration of non-financial audits; and
- i.* compliance with regulatory requirements and best practice.

## **12.3 Renuka Group of companies Managers / Senior Staff**

Senior management will be responsible for:

- a.* championing the roll out of the Renuka Group of companies Risk Management Framework into Renuka Group of companies' operations;
- b.* ensuring staff understand their responsibilities with respect to operational risk management; and
- c.* developing a risk aware culture within their area of responsibility.
- d.* Advising the Executive Director of needs for any training, development and facilitation;



### 13. RISK GRADING CRITERIA

The Board of Renuka Group of companies has resolved that risk be assessed over the following categories in relation to impact ;

<b>Strategic Risk</b>	<ul style="list-style-type: none"><li>• Relates to future business plans and strategies which include risks associated with market &amp; industry, demand for products, threat of competitor, technology changes, etc.</li></ul>
<b>Operational Risk</b>	<ul style="list-style-type: none"><li>• Arising from the execution of business operations. Stock management, supply chain management, etc.</li></ul>
<b>Legal/ Compliance Risk</b>	<ul style="list-style-type: none"><li>• Relates to possible adverse effect due to non-compliances with regulators.</li></ul>
<b>Business Risk</b>	<ul style="list-style-type: none"><li>• New entrants into the markets, rivalry among existing players, variation in consumer spending patterns and effects of weather conditions, etc.</li></ul>
<b>Human Resource Risk</b>	<ul style="list-style-type: none"><li>• Arises as a result of failure to attract, develop and retain skilled workforce.</li></ul>
<b>Principal Risk</b>	<ul style="list-style-type: none"><li>• Loss of customers/suppliers due to intense competition.</li></ul>
<b>Environmental/ Location Risk</b>	<ul style="list-style-type: none"><li>• factories are located in village surroundings, possible adverse effects due to villagers' activities are covered under this.</li></ul>
<b>Reputation Risk</b>	<ul style="list-style-type: none"><li>• Unhappy customers, product failures, negative press or lawsuit which can adversely impact a company's brand reputation.</li></ul>

<b>Health &amp; Safety Risk</b>	<ul style="list-style-type: none"> <li>• Potential harms to employees when performing their duties.</li> </ul>
<b>Fraud Risk</b>	<ul style="list-style-type: none"> <li>• Possibilities of losing company's assets due to fraud.</li> </ul>
<b>Financial Risk</b>	<ul style="list-style-type: none"> <li>• Inability to meet financial obligations which include sub categories of "Market Risks", "Liquidity Risk" &amp; "Credit Risks"</li> </ul>
<b>Credit Risk</b>	<ul style="list-style-type: none"> <li>• Arise due to the non-payment by customers</li> </ul>
<b>Liquidity Risk</b>	<ul style="list-style-type: none"> <li>• Compromising its operation due to not properly maintaining working capital</li> </ul>
<b>Market Risks</b>	<ul style="list-style-type: none"> <li>• Arising from the volatilities in market which include sub categories of "Foreign Exchange Risk", "Interest Rate Risk" &amp; "Inflation Rate Risk"</li> </ul>
<b>Foreign Exchange Risk</b>	<ul style="list-style-type: none"> <li>• Arising from fluctuation of foreign exchange rate is covered under this.</li> </ul>
<b>Interest Rate Risk</b>	<ul style="list-style-type: none"> <li>• Arises due to adverse movement of interest rates in the market.</li> </ul>
<b>Inflation Rate Risk</b>	<ul style="list-style-type: none"> <li>• Upward movements in inflation rates deteriorate the purchasing power of customers and increase the Company's cost base.</li> </ul>

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY</b>	Effective Date 1 <sup>st</sup> October, 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

## **6. POLICY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE SUSTAINABILITY**

### **Environmental Protection**

The Directors, to the best of their knowledge and belief are satisfied that the Company has not engaged in any activities, which have caused adverse effects on the environment and it has complied with the relevant environmental regulations.

### **Environmental Responsibility**

#### **Sustainable Sourcing:**

Renuka Group actively seeks out suppliers who follow sustainable practices. This involves encouraging organic farming methods, promoting biodiversity supporting farmers who adopt agroforestry approaches and who adopt green products.

#### **Resource Efficiency:**

The Company is committed to resource efficiency in our manufacturing processes. This includes ongoing efforts to optimize water usage, reduce energy consumption through the implementation of energy-efficient technologies such as solar generation and minimizing Carbon based fuel with Organic substances and minimizes waste generation. Through continuous improvement initiatives, Renuka Group strive to be at the forefront of environmentally conscious manufacturing in our respective industry.

#### **Carbon Footprint Reduction:**

Renuka Group actively working towards reducing our carbon footprint through various measures. This includes investing in renewable energy sources such as solar power, adopting energy-efficient machinery, and optimizing our transportation logistics to reduce emissions. By embracing sustainable practices, Renuka Group aim to mitigate our impact on climate change and contribute to a greener future.

### **Social Commitment**

#### **Employee Welfare:**

Renuka Group commitment to employee welfare goes beyond legal requirements. We provide a safe and healthy work environment, prioritize employee well-being, and offer continuous training and development opportunities. Employee satisfaction surveys and regular feedback mechanisms ensure that our workplace remains inclusive and conducive to personal and professional growth.

#### Community Engagement:

Renuka Group actively engages with local communities especially surrounding our farms and estates, understanding their unique needs and aspirations. Renuka Group undertakes community development projects focusing on education, healthcare, and infrastructure. By collaborating with local organizations and authorities, Renuka Group strives to make a positive impact on the lives of those in the regions where Renuka Group operate.

#### Supplier and Partner Relationships:

Renuka Group believes in fostering ethical practices throughout our supply chain. Our suppliers and business partners are expected to adhere to our standards for responsible sourcing and fair labor practices. Regular audits and assessments ensure that our entire value chain upholds the principles of social responsibility, creating a network of trusted and responsible collaborators.

### **Governance Integrity**

#### Transparency and Accountability:

Transparency is a cornerstone of our governance framework. Renuka Group provides regular and comprehensive reports to stakeholders, detailing our ESG performance, initiatives, and challenges. This commitment to openness fosters trust among our investors, customers, and the wider community, reinforcing our dedication to accountability.

#### Board Diversity:

Renuka Group recognizes the importance of diverse perspectives in decision-making. Our Board of Directors comprises individuals from varied backgrounds, experiences, and skill sets. This diversity enhances our ability to navigate challenges, capitalize on opportunities, and make well-informed decisions that reflect the interests of our diverse stakeholders.

#### Compliance and Risk Management

Renuka Group maintains rigorous compliance standards, ensuring adherence to all relevant laws and regulations. Our robust risk management processes allow us to identify and address potential issues proactively. Regular internal and external audits help us maintain the highest standards of governance, protecting the interests of our stakeholders and ensuring the long-term sustainability of our business.

#### Continuous Improvement:

Renuka Group views ESG as a dynamic and evolving commitment. Renuka Group actively seeks feedback from stakeholders, participate in industry forums, and stay abreast of emerging best practices. Regular reviews of our ESG policies and practices enable us to adapt to changing circumstances, technological advancements, and societal expectations, ensuring that our commitment to sustainability remains at the forefront of our business strategy.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON CONTROL AND MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS</b>	Effective Date 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

## **7. POLICY ON CONTROL AND MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS**

- a. Comply with current legislation, internal regulations, and dissemination of criteria on asset protection Comply with the legal requirements in force regarding asset protection at each location and in each country in which Renuka Group operate.
- b. Developing the necessary internal regulations to establish behavior standards for the entire Company, promoting the dissemination of criteria for asset protection, and making a common framework for action possible.
- c. Contribution to creating awareness of asset protection Carryout training and dissemination activities related to asset protection so employees can look out for their own security as well as that of other Company assets in their corresponding scopes of responsibility.
- d. Information coordination Establish and maintain internal and external communication channels that enable us to be aware of the asset protection status in the countries where the Company is present.
- e. Continuous improvement Establish objectives for improvement and goals for asset protection systematically, assessing performance and applying the necessary corrections to achieve the proposed goals, establishing verification, auditing, and control processes to ensure the objectives are met.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON CORPORATE DISCLOSURES</b>	Issue Date 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

## 8. POLICY ON CORPORATE DISCLOSURES

The internal framework for disclosing material information is as follows:

### 1. Timely Information Disclosure in Accordance with the Rules of the CSE

Company Secretary is responsible for the timely information disclosure.

### 2. Disclosure of Information Not Covered by the Rules of the CSE

Apart from the timely information disclosure stipulated by the CSE, Renuka Group also provides information as required by applicable laws and regulations. Various types of material information, such as those outlined below, are determined by executive officers and individual departments in charge after discussion and deliberation with other relevant departments, and information is then disclosed in accordance with applicable laws and regulations.

(1) Disclosure based on the CSE and listed security regulations (corporate governance report)

(2) Disclosure based on the Financial Instruments (financial statements, quarterly reports, internal control report, extraordinary reports, etc.)

(3) Disclosure based on regulations at CSE, etc. (annual reports, etc.)

#### a. OTHERS:

### 1. Market Rumors

In general, Renuka Group does not respond to inquiries regarding market rumors. However in some case, Renuka Group may respond to a rumor when not responding could have serious ramifications for the company.

### 2. Avoidance of Selective Disclosure

Selective disclosure is the disclosure of material, nonpublic information to any individual or group prior to the broad public dissemination of that information. Selective disclosure is against Renuka Group company policy unless the people or groups to whom nonpublic information is disclosed are covered by confidentiality or nondisclosure agreements.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS</b>	Effective date 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

## **9. POLICY ON RELATIONS WITH SHAREHOLDERS AND INVESTORS**

The Board recognizes that it needs to engage with its shareholders and provide them with appropriate information and facilities to allow them to exercise their rights as shareholders effectively.

This includes:

- a. Giving shareholders access to information about the Company through the Colombo Stock Exchange.
- b. Communicating openly and honestly with shareholders;
- c. Encouraging and facilitating their participation in meetings of shareholders.

The purpose of this policy is to outline how the Company will provide shareholders and other investors with information about itself and its governance, and to outline the Company's investor relations program.

References in this policy to communicating and interacting with shareholders includes, where securities are held by a custodian or nominee, communicating or interacting with the beneficial owner of the securities.

### **General meetings**

The Company recognizes that general meetings are an important forum for two-way communication between the Company and its shareholders. The meetings provide the Company with an opportunity to impart to shareholders a greater understanding of its business, governance, financial performance and prospects, as well as to discuss areas of concern or interest to the Board and management.

The meetings also provide shareholders with an opportunity to express their views to the Company's Board and management about any areas of concern or interest for them.. The Company endeavors to actively engage with shareholders at its general meetings, and encourages attendance and participation at its meetings. The Company provides information in the notice of meeting that is presented in a clear, concise and effective manner.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON WHISTLEBLOWING</b>	Effective Date 1 <sup>st</sup> October, 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

## 10. POLICY ON WHISTLEBLOWING

### Objective

1. The receiving of whistleblowing regarding corruption, misdeed and misconduct of regulations of Renuka Group is processed appropriately, efficiently and complies with good corporate governance principle.
2. Employees and any parties acting on behalf of Renuka Group conduct the business lawfully, transparently, fairly and verifiably by following applicable laws, good corporate governance guidance, business ethics and regulations of the Company.
3. Any person willing to report Renuka Group on misconduct of operation or suspicious of misconduct made by a director, employee or person acting on behalf of Renuka Group.
4. The informants or Whistle Blowers or persons assisting Renuka Group honestly are appropriately and fairly protected and prevented from maltreatment caused by raising the whistleblowing.
5. The concerned persons are prevented from any risk and damage arising from breach of laws, business ethics or acts of a director, executive and employee of Renuka Group.

### Scope of Whistleblowing

The Renuka Group personnel or any person acting on behalf of Renuka Group may be the respondent under this policy if he or she commits misconduct.

### Whistleblowing Investigation

1. The whistleblowing recipient is to investigate and verify the validity or assign reliable persons or divisions to verify the validity.
2. The preliminary investigation should reach a conclusion, depending on its complicity.
3. After the investigation is finalized, progress reports are also made to the Whistle Blowers within seven days if their identities are identified.



4. The whistleblowing recipient or the assigned person can invite any Renuka Group personnel to provide information or send any relevant documents for investigation.
5. If the investigation results that the misconduct is committed, Renuka Group will proceed as follows:
  - a. If the misconduct regards to breach of laws, rules, regulations or code of conduct, the case is to be proposed with opinion and correct guidance to Renuka Group's authorized person to consider. The case which is considered material such as having impact to reputation or financial performance of Renuka Group, conflict with the business policy of Renuka Group, or related to executives of Renuka Group is to be proposed to the Audit Committee or the Board of Directors for their consideration.
  - b. If the misconduct brings damage to any party, Renuka Group is to propose appropriate and fair remedy measurement.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON ANTI-BRIBERY AND CORRUPTION</b>	Effective from 1 <sup>st</sup> October 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

**11. POLICY ON ANTI-BRIBERY AND CORRUPTION**

**Scope of the Anti-bribery & Corruption Policy (the ‘Policy’)**

This Policy applies to all Employees and Third Parties regardless of geographical location and provides the minimum standard of behaviour expected from them. On the basis that this Policy is based on Sri Lankan anti-corruption laws, it provides a very high standard of compliance and is therefore likely to meet most local standards. Nevertheless, Renuka Group recommend that Employees familiarise themselves with the applicable anti-corruption laws in each jurisdiction in which they conduct business on behalf of Renuka Group.

<b>RENUKA GROUP OF COMPANIES</b>	<b>POLICY ON INTERNAL CODE OF BUSINESS CONDUCT AND ETHICS FOR ALL DIRECTORS AND EMPLOYEES, INCLUDING POLICIES ON TRADING IN THE ENTITY'S LISTED SECURITIES</b>	Effective Date 1 <sup>st</sup> October, 2024
Approved by the Board of Directors on 31 <sup>st</sup> May 2024		

## **12. POLICY ON INTERNAL CODE OF BUSINESS CONDUCT AND ETHICS FOR ALL DIRECTORS AND EMPLOYEES, INCLUDING POLICIES ON TRADING IN THE ENTITY'S LISTED SECURITIES**

This Code sets out written standards that are designed to deter wrongdoing and to promote:

- a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b) Avoidance of conflicts of interest with the interests of Element, including disclosure to an appropriate person of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- c) Confidentiality of corporate information;
- d) Protection and proper use of corporate assets and opportunities;
- e) Compliance with applicable governmental laws, rules and regulations;
- f) The prompt internal reporting of any violations of the Code to an appropriate person or person identified in the Code;
- g) Accountability for adherence to the Code;
- h) The Corporation's culture of honesty and accountability.

This Code provides guidance to directors, officers and Employees of Element, to help them address and resolve ethical issues and provides mechanisms to report unethical conduct.

Renuka Group expects all directors, officers and Employees to comply with the Code, and Renuka Group committed to taking prompt and consistent action against violations of the Code. Violation of the standards outlined in the Code may be grounds for disciplinary action up to and including termination of employment or other business relationships. Employees, officers and directors who are aware of suspected misconduct, illegal activities, fraud, and abuse of the Company's assets or violations of the standards outlined in the Code are responsible for reporting such matters. While covering a wide range of business practices and procedures, this Code cannot and does not cover every issue that may arise or every situation in which ethical decisions must be made, but rather sets forth key guiding principles of business conduct that Element expects of all of its directors, officers and Employees. This Code should be read in conjunction with Element's other corporate policies and procedures, including those related to corporate disclosure and the protection of confidential information.

Because rapid changes in our industry and regulatory environment constantly pose new ethical and legal considerations, no set of guidelines should be considered to be the absolute last word under all circumstances.

### **BASIS OF CODE OF CONDUCT**

The Code is founded on the following principles;

- i. Allegiance to the Group and upholding of its Values.
- ii. Compliance with the laws and company Rules and Regulations applying in the territories that the Group operates.
- iii. The conduct of business in an ethical manner at all times and in line with acceptable business practices.
- iv. The exercise of professionalism and integrity in all business and “public” personal transactions.

### **FAIR DEALING**

- i. In carrying out their duties and responsibilities, Employees/ Directors must endeavor to deal fairly and should promote fair dealing by the company, its employees and agents with all its external stakeholders, including Customers, Suppliers and Competitors.
- ii. No employee/ Director should seek to take unfair advantage of anyone (including the company) through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair practice.
- iii. Are committed to treat all the employees equally at all levels without any discrimination on gender, color, race, religion, Nationality, Political opinion and Social ethnic origin.

### **CONFLICT OF INTEREST**

- i. All Employees/ Directors must be sensitive to any activity, interest or relationship that in the mind of a reasonable person, may interfere, or appear to interfere with their ability to act in the best interest of the company.

“Business interests” include business interests of the spouse or similar relationship and any dependent children.

- i. All Managers of the Group, irrespective of the level must declare any conflict of interest concerning any decision or contract which is required to be made by him/her alone or in a Committee. If an employee declares a conflict of interest concerning a decision he/she shall advise his/her supervisor in writing and volunteer

to absent himself from making such decision or the discussion and shall abstain from voting on such a decision when necessary.

- ii. If offered an official or professional position outside of the Renuka Group, the subject employee shall inform his/her Chairman /Director /CEO/ COO as the case may be in writing and seek approval.
- iii. Any work undertaken by an employee outside working hours should not be in conflict with any of the Group businesses, should not contravene the Values and not interfere with their work, commitment, dedication expected from an employee and should not require time and attention during working hours, in preparation or otherwise. All requests for working outside the period required for the job function would require the approval of the CEO who may be in his discretion grant permission in terms of this Code.

#### **CONFIDENTIALITY AND INSIDER INFORMATION**

- i. All Employees/ Directors shall, at all times, respect the confidentiality of sensitive information available to them by virtue of their positions in the company and in the Group. Employees/ Directors shall not divulge any such information to any organization or person who is not entitled to such information, other than in terms of the law, without the express permission of the relevant authority
- ii. Employees/ Directors, who in their course of duties have direct or indirect access to “insider” information, shall not make use of this information to carry out or advise on, either in favour of or against, transactions involving Renuka Group Companies.
- iii. “Insider Information” shall mean information that has not been made public and involves particulars about Renuka Group or any of its Subsidiary or Associate Companies and which, if made public, would have a perceptible effect on the value of these companies.
- iv. Employees/ Directors, particularly those involved with the Finance and Accounting Function, as a general rule, must refrain from purchasing and/or selling shares of Renuka Group or any of its subsidiaries or managed companies, In keeping the CSE guidelines.
- v. Any trades in applicable company shares must be immediately notified to Renuka Enterprises (Pvt) Limited or relevant Secretaries for further notification to the Colombo Stock Exchange.

## **GIFTS AND ENTERTAINMENT**

- i. Employees/ Directors shall not accept gifts or favours in whatsoever form from Clients, Service Providers, Customers and Business Associates of the company, if it was possible to conclude that the acceptance of such gifts or favours could directly or indirectly affect his independence in decision making and conduct as an Executive (employee/ Director).
- ii. Employees/ Directors shall not accept a gift or favor if it could be seen by other as a consideration for an official or business favor.

## **COMPLIANCE WITH THE LAW**

- i. Employees/ Directors shall ensure that all regulatory and statutory obligations are observed at all times.
- ii. Employees/ Directors shall ensure that the Accounts, Reports and public Documents of Renuka Group are accurate and are not designed to be deliberately misleading.
- iii. Should the need arise, Employees/ Directors shall co-operate fully with regulatory bodies charged with conducting any investigation in full conjunction and knowledge of their relevant CEO/ Director.
- iv. Employees/ Directors are encouraged to seek the assistance of the Group Legal Department in this respect.
- v. Employees/ Directors shall respect one another. The Company is committed to protect the employees'/ Directors right to dignity. In this context, amongst other measures, the Company is committed to creating an environment free from all forms of sexual harassment and any form of sexual harassment will be considered an act of misconduct.

## **BEHAVIOUR IN PUBLIC**

- i. Employees/ Directors shall, at all times, particularly in public, conduct themselves in a manner that upholds the dignity of their position and the image of Renuka Group and the company they represent.
- ii. Employees/ Directors shall not make any media statements and public utterances/interviews on any issue involving the Company. However, CEOs may make media statements with the written concurrence of the relevant Executive Directors.

## **OTHER OBLIGATIONS**

- i. Employees/ Directors shall use reasonable endeavors to attend all Committee Meetings and Inquiries and in defending and prosecuting the interests of the company in courts, tribunals, inquiries. Members in Operating Committees and Boards shall be prepared to commit sufficient time and energy to attend to Company business.
- ii. Members in Operating Committee and Boards shall be prepared for meetings, having read pre-circulated material before the meetings. All Employees/ Directors should be punctual.
- iii. Regardless of their personal viewpoint, Members in an Operating Committee or a Board shall not speak against, or undermine Committee / Board solidarity, once a Committee / Board decision has been made.
- iv. The contribution of Members in Operating Committee and Boards to discussions and decision making shall be positive and constructive.
- v. Members in Operating Committees and Boards shall ensure compliance with prescribed levels of authority in sanctioning any relevant expenditure.
- vi. All Employees/ Directors are expected to bring to the notice of the Chairman, via Chairman Direct e-mail address any conduct which he/she reasonably believes is contrary to this Code.
- vii. All Employees/ Directors are expected to safeguard the reputation, image and credibility of the company and the Group and to refrain from conduct which would adversely affect or undermine such reputation, image and credibility.
- viii. Are committed to maintain the highest possible standard on occupational health and safety complying with applicable National and local legislations.
- ix. Are committed to ensure to maintain all the factory operations are compliant with the applicable National & Local environment laws.
- x. Are committed to ensure all the relevant export and import activities are compliant with applicable customs laws.

## **WAIVER**

- An Employee/ Directors who has concerns regarding compliance with this Code should raise those concerns with the Chairman, or person nominated by him, who will determine what action, shall be taken to deal with the concern. In the extremely unlikely event that a waiver of this Code for an Employee/ Director would be in the best interest of the Company, it must be approved by the Chairman.