



## CHEMANEX PLC

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

#### **Policy Statement**

Chemanex PLC is committed to conduct its business affairs in accordance with the highest standards of ethics, integrity and respect for all its customers and stakeholders.

This Code is designed to align with the Company's mission, values, and principles with professional standards of conduct. All employees and directors are expected to adhere to this Code and uphold best practices of corporate governance.

In cases not explicitly covered by this Code, it is the responsibility of directors and employees to act with integrity and apply sound judgment in accordance with the Company's values. Employees are encouraged to seek guidance from senior management or the Board of Directors when in doubt about the appropriate course of action.

#### **Code of Conduct for Employees**

##### **1. Core Principles and Values**

The Company aims to maintain a respectful, inclusive and discrimination-free environment where every individual is treated with fairness and dignity. This is essential to the Company's vision of inspiring and developing exceptional talent.

Employees of the Company in discharging their duties must adhere to the following principles:

- **Equal Treatment and Non-Discrimination:** Individuals shall treat each other fairly, without discrimination on grounds such as race, religion, ethnicity, age, disability, political beliefs or gender.
- **Zero tolerance for Harassment and Bullying:** Harassment and bullying in any form are strictly prohibited. This shall include, without limitation, sexual, verbal, non-verbal and physical behaviour which is abusive, humiliating or intimidating. Any such behaviour must be reported to a supervisor or the Head of Human Resources.

- **Commitment to Health, Safety and Environment:** The Company prioritizes the health and safety of all employees and remains committed to responsible environmental care.
- **Work-Life Balance:** The Company aims to support and encourage employees to maintain a healthy balance between work and personal responsibilities.
- **Cultural Sensitivity and Respect:** The Company values the diversity of cultures, traditions and environments in all regions where the Company operates.
- **Fostering open communication:** The company promotes a culture of open dialog where employees are encouraged to share their ideas, voice concerns and contribute to the organization's collective success as every employee is an integral part of the Company.
- **Drug and Alcohol-Free Workplace:** The Company expects the employees to maintain a workplace free from the influence of illegal drugs or alcohol to ensure a safe and productive environment.

## 2. Compliance with Laws, Regulations and Internal Policies

Employees shall act in compliance with applicable laws, regulations and internal policies and procedures adopted by the Company.

The framework of laws and regulations applicable to the Company include, without limitation:

- Companies Act No. 7 of 2007
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021
- Anti-Corruption Act No. 9 of 2023
- Listing Rules of the Colombo Stock Exchange
- Circulars issued by the Colombo Stock Exchange
- Directions issued by the Securities and Exchange Commission of Sri Lanka
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

## 3. Insider trading

Employees are strictly prohibited from trading in the listed securities of the Company or procuring the trading thereof in violation of the insider dealing provisions contained in the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021.

Employees are therefore expected to familiarize themselves with the law to prevent inadvertent violations and avoid even the appearance of an improper transactions.

#### 4. Fraud and Financial Integrity

- All business and financial transactions must be duly authorised and properly and fully recorded.
- No record, entry or document may be false or misleading and no undisclosed or unrecorded account, fund or asset may be established or maintained.
- No corporate payment may be requested, approved or made with the intention that any part of such payment is to be used for any purpose other than as described in the document supporting it.
- The Company will not practice or, knowingly assist, fraudulent activity (e.g., tax evasion, money laundering) by others.
- All information supplied to auditors must be accurate, complete and not misleading.

Employees are responsible for being vigilant of and reporting any fraudulent activity under their purview. These include falsification of records; irregularities; misappropriation; disappearance of funds, inventory, supplies or other Company's tangible or intangible assets; impropriety in the handling and reporting of financial transactions; false, fictitious, or misleading entries of reports; and false or misleading statements to those conducting investigations of irregularities.

#### 5. Conflicts of Interest

Employees shall avoid any situations or potential situations of conflict of interest with the Company. A conflict of interest arises when an employee's private interest interferes in any way or could reasonably be expected to interfere, with the interest of the Company.

Conflicts of Interest may arise in various situations, including but not limited to:

- **Improper Personal Benefit / Gain:** A conflict occurs when an employee or a member of his or her family and / or a close relative receives improper personal benefits as a result of his or her employment in the Company.
- **Compensation from External Sources:** Employees shall not accept compensation, in any form, for services performed for the Company from any source other than the Company. Employees shall seek the permission of the Company prior to acceptance of employment contracts, directorship or any other appointment in other companies that could lead to a conflict of interest.
- **Gifts and Favours:** Employees, their families and close relatives shall not offer, give or accept gifts or favours from individuals or companies that do business with the Company, particularly if such gifts are intended to influence the employee's actions in discharging their duties to the Company, or where acceptance of the gifts could reasonably be expected to create a conflict of interest.

- **Competing with the Company:** Employees must refrain from engaging in any activity that directly competes with the Company's business or commercial interests. This includes refraining from supporting or establishing competing businesses and ensuring that any personal interests do not conflict with their obligations to the Company.
- **Personal Relationships at Work:** While the Company does not object to personal relationships between employees, care must be taken to ensure that these relationships do not create or appear to create a conflict of interest or provide an unfair advantage or disadvantage to others. Employees in a close personal or familial relationship must not have a direct reporting line to one another. In situations where there is no direct reporting relationship, management must monitor the situation to prevent any unfairness, undue influence or conflicts of interest.

In situations where a conflict of interest shall arise, or may arise, the employee must disclose the situation immediately to the head of their department, and appropriate action shall be taken. Employees shall seek the permission of the Company prior to acceptance of employment contracts, directorship or any other appointment in other companies that could lead to a conflict of interest.

## **6. Confidential Information**

Employees shall keep confidential any information entrusted to them by the Company in their role as an employee, as well any other sensitive information they receive in their capacity unless disclosure is authorized or legally required. This includes all non-public information, processes or knowledge that could benefit individuals not acting in the Company's best interests. In situations where such disclosure is authorized to a third party, the employee shall execute a Non-Disclosure Agreement.

Confidential information shall be used solely for its intended purpose within the scope of one's role. This obligation continues even after leaving the Company.

When transmitting any confidential information relating to the Company, employees must notify all parties of its confidential nature and establish appropriate technical and procedural standards for its use, including retention and destruction.

## **7. Protection and Proper Use of Company Assets and Reputation**

Employees shall not use Company assets, both property and information, or their position for personal gain or advantage. All resources entrusted to the employee for Company purposes must be used solely for advancing the Company's interests and objectives, and not for individual benefit or outside ventures.

Employees shall not download or forward materials from the internet or emails that are or could be perceived as offensive in terms of religion, politics, ethnicity or gender or which may potentially incite hatred or ill feelings.

## 8. Media

Any public statements or media interactions as an employee must receive prior authorization and approval from the Chief Executive Officer. If approached by the media for comment on Company matters, the employee is not authorized to address such matters and is required to instead note the media organization's details and promptly inform the respective head of department.

Social media and messaging apps, including platforms like Facebook, X, LinkedIn, Instagram, and others, should be used with care. Employees must ensure that their personal and professional social media use does not discredit the Company, affect work performance, imply Company endorsement of personal views, or disclose confidential information. Disparaging posts about the Company, its employees, or its products and services are strictly prohibited.

## Code of Conduct for Directors

### 1. Core Principles and Values

The Board of Directors in fulfilling their fiduciary duties of Loyalty and Care towards the Company, shall adhere to the following principles and values to maintain high standards of governance, integrity and ethical conduct:

- **Balanced Decision-Making:** Directors shall ensure a balanced approach to decision-making that considers the interests of all stakeholders and aligns with the Company's mission and broader societal impact.
- **Promote Ethical and Legal Compliance:** Directors shall actively promote a culture of compliance with laws, regulations and ethical standards. They must ensure proper policies and procedures are in place to prevent corruption, bribery, and other unethical practices, encouraging employees and stakeholders to uphold legal and ethical conduct.
- **Proactive Crisis Management:** Directors must be prepared to respond swiftly to crises or unforeseen events. They must develop and implement crisis management strategies that mitigate risks to the Company's reputation, operations, and financial performance.
- **Support for Employee Well-being:** Directors shall prioritize the well-being of employees by ensuring fair employment and competitive remuneration, fostering a safe and healthy workplace, and promoting work-life balance. They must ensure that the Company offers adequate mental health resources and support systems for its employees.

- **Champion diversity and inclusion:** Directors must advocate for diversity and inclusion in the Company's leadership, workforce and decision-making process.
- **Encourage Accountability at All Levels:** Directors shall encourage a culture of accountability, amongst themselves and the employees at all levels to ensure they are held accountable for their actions.

## 2. Compliance with Laws and Regulations

The Board of Directors shall act in compliance with applicable laws, regulations and internal policies and procedures, including insider-trading laws and best practices of corporate governance.

## 3. Insider trading

Directors are strictly prohibited from trading in the listed securities of the Company or procuring the trading thereof in violation of the insider dealing provisions contained in the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021.

Directors are therefore expected to familiarize themselves with the law to prevent inadvertent violations and avoid even the appearance of an improper transaction.

## 4. Conflicts of Interest

Directors shall avoid any situations or potential situations of conflict of interest with the Company. A conflict of interest arises when a director's private interest interferes in any way or could reasonably be expected to interfere, with the interest of the Company.

Conflicts of Interest may arise in various situations, including but not limited to:

- **Improper Personal Benefit:** A conflict occurs when a director, or a member of his or her family receives improper personal benefits as a result of his or her position as a director of the Company.
- **Competing with the Company:** Directors must refrain from engaging in any activity that directly competes with the Company's business or commercial interests. This includes refraining from supporting or establishing competing businesses and ensuring that any personal interests do not conflict with their obligations to the Company.

In situations where a conflict of interest shall arise, or may arise, the director must disclose the situation immediately to the Board for appropriate action.

## 5. Corporate Opportunities

- Directors have a fiduciary duty to act in the best interests of the Company and to advance its legitimate goals whenever the opportunity arises.

- Directors shall not take advantage of business or investment opportunities for personal gain if these opportunities arise through the use of Company property, information, or by virtue of their position as a director.
- Any opportunity reasonably could be expected to benefit the Company, belongs to the Company unless the Director has obtained prior approval from the Board or the Board Nomination and Governance Committee or if the Company has formally determined not to pursue that opportunity.
- Directors shall actively encourage the use of technological advancements that can enhance the Company's performance and competitiveness. They shall ensure robust risk management practices are in place to address both opportunities and challenges posed by technology, including cybersecurity risks.
- Directors shall not engage in any conduct or activities that disrupt or impair the Company's relationship with any persons or company with which the Company has or proposes to enter into a business or contractual relationship.

## 6. Fair Dealing

Directors shall deal fairly with the Company's employees, customers, suppliers and competitors. They shall not take unfair advantage of their position through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

## 7. Protection and Proper Use of Company Assets

Directors shall not use Company assets, both property or information, or their position for personal gain or advantage. All resources entrusted to the Director for Company purposes must be used solely for advancing the Company's interests and objectives, and not for individual benefit or outside ventures.

## Reporting concerns

Employees who have concerns or information about unethical business practices or violations of this Code of Conduct are expected to report them to their supervisor or through the whistleblowing policy. All reports will be handled with strict confidentiality, except as required by law. Employees raising concerns will be treated with respect and protected from retaliation.

The Open-Door Practice also applies to the Company's customers, suppliers, vendors, and contractors, who should contact the Office of Business Practice with any concerns about unethical practices. If a breach of this Code is suspected, employees should inform their reporting head or another higher authority immediately. The Company provides a confidential process for reporting issues and encourages a culture of openness.

It is unacceptable to retaliate against anyone raising concerns, and any such retaliation should be reported to the CEO/COO. Employees and third parties are obligated to report suspected wrongdoing in breach of the Code or the law. Questions and concerns about compliance should be directed to a manager or higher authority to ensure effective problem identification and resolution.

### **Application of this Code**

When third parties, such as distributors, agents, or contractors, act on behalf of the Company, they should be familiarized with this Code of Conduct and encouraged to comply with it in all dealings representing the Company.

If the Company is a shareholder in another organization, that company, along with any joint venture partners or other shareholders, should also be made aware of this Code and encouraged to adhere to it.

The Company strives to select business partners whose standards and ethical values align with its own. If a serious incompatibility with the Company's values arises in a business relationship—whether with a distributor, agent, joint venture partner, customer, or supplier—and cannot be resolved, the Company will seek to terminate the relationship.

### **Implementation**

Subsidiary and Associate Companies are responsible for implementing this Code of Conduct within their respective businesses. Within the Company, implementation will be overseen by the Chief Financial Officer.

A formal implementation and monitoring plan is required in each case to promote awareness and adherence to the Code. The Chief Financial Officer is available for advice on best practices and training support.

Breaches of this Code of Conduct will lead to disciplinary action, including dismissal where appropriate. All violations will be taken seriously and addressed through investigation, remediation, and corrective actions to resolve issues, learn from mistakes, and prevent recurrence. Significant breaches must be reported to the Chief Financial Officer, who will provide an annual report to the Company's Board on the Code's operation and effectiveness.

### **Training**

This Policy will be supported by training programs, workshops and awareness building for directors and employees to enable them to fulfil their roles and responsibilities under this policy.

### **Amendments**

This Policy shall be reviewed by the Board of Directors periodically and updated as necessary to reflect changes in the business environment or regulatory requirements.

## **Point of contact**

For clarifications or further information regarding this policy, please contact the Compliance Officer of the Company.