



# **ANTI – BRIBERY AND ANTI CORRUPTION POLICY**

**Version 1.0**

**Document Information**

<b>Document</b>	Anti- Bribery and Anti-Corruption Policy
<b>Author</b>	Compliance Officer
<b>Department</b>	Compliance
<b>Version</b>	1.0
<b>Review frequency</b>	Once in two years and or when there is a significant change to the policy

**Amendments & Changes**

<b>Version</b>	<b>Date</b>	<b>Reasons for Amendments</b>	<b>Author</b>
1.0	15.07.2024	Initial Document	Compliance Officer

**Authorization**

<b>Version</b>	<b>Date</b>	<b>Reviewed by</b>	<b>Date</b>	<b>Approved by</b>
1.0	20.09.2024	BIRMC	25.09.2024	Board of Directors

Contents

- 1.Introduction..... 4**
- 2. Scope ..... 4**
- 3. Definitions..... 4**
- 4. Related Policies..... 5**
- 5. Risk Appetite ..... 6**
- 6. Responsibilities..... 6**
- 7.Non Compliance with this Policy ..... 8**
- 8. Reporting suspected or actual breaches..... 9**
  - 8.1 Channels of reporting any breach or allegations ..... 9**
- 9. Risk Assessment ..... 10**
- 10. Responsibility for the implementation of the Policy ..... 10**
  - 10.1 Business Units..... 10**
  - 10.2 Compliance and Risk Management..... 11**
  - 10.3 Audit..... 11**
- 11. Governance..... 12**
- 12. Review of the Policy ..... 12**

## 1.Introduction

The purpose of this Anti-Bribery and Anti-Corruption Policy is to establish measures to identify, minimize and eliminate the possibilities of bribery and corruption and the management of such negative risks within Sarvodaya Development Finance PLC (SDF). The policy identifies preventive measures to be established by SDF, its staff members and by Third Parties, by requiring them to commit to countering bribery and corruption in all forms in relation to transactions routed through or involving SDF.

SDF has zero tolerance for any form of bribery and corruption, and will treat potential instances of bribery or corrupt behavior as a threat to its integrity and reputation as a business. SDF has developed this Policy in accordance with these commitments as well as in adherence to the applicable laws and regulations with a view to promote a culture of compliance. As set out in this Policy, all employees are responsible for the prevention and mitigation of bribery and corruption within their own roles and responsibilities.

Through this Policy, SDF strives to promote and achieve compliance with Anti-Corruption Act No.9 of 2023 and any other applicable local and international laws and regulations.

## 2. Scope

This Anti-Bribery and Anti-Corruption Policy (the Policy) is applicable to Sarvodaya Development Finance PLC, and its activities in all areas in which the Company operates. SDF's core values are incompatible with bribery and corruption.

Accordingly, this Policy applies to:

- SDF
- All employees and the Board of Directors
- Third Parties

## 3. Definitions

- a) **All employees and the Board of Directors** - All Directors, Consultants, Management, Officers and Employees (including permanent, probation, temporary or contract staff) of SDF, and individuals (including trainees, seconded staff, casual workers, interns) acting as Accountable Person(s) for SDF.
- b) **Third Parties** - This collectively includes, but is not limited to, customers, business partners, contractors, consultants, third party agents, third party introducers, referrers, persons acting in a fiduciary capacity and suppliers.

- c) **Breach** – Non-compliance with any of the requirements contained in this Policy where such non-compliance has not been approved by the Head of Human Resources or the Compliance Officer.
- d) **Bribery** - The word Bribery has a very wide definition according to the Law. Bribery involves improperly offering, authorizing, giving, agreeing to give, promising, soliciting, providing, receiving or agreeing to receive a benefit or something of value (gratification) to or from a public official (means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate, executive, employee or officer of a public international organization, or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise etc.), someone in business or a close relative of such a person (either directly or indirectly) in order to obtain or retain business or an advantage or to induce, influence or reward improper conduct or an improper decision. While a bribe may involve a monetary payment or offer, it covers anything of value such as:
- cash or cash equivalents (eg: gift vouchers, tickets to an event or loans);
  - some gifts, hospitality, entertainment or travel;
  - donations or scholarships;
  - offers of employment or favoring a hiring decision;
  - the provision of favors (eg: discounted or ‘free’ use of services of SDF, facilities or property);
  - training; or
  - anything else that is of value to the recipient
- e) **Corruption** - Corruption is the abuse of entrusted power, position and/or trust to get an improper advantage or gain, giving or receiving of any gratification or reward of any value for performing a task in relation to the person’s job profile/job description.

#### 4. Related Policies

This Policy should be read in conjunction with the other policies, key documents and guidelines of SDF listed below.

- |                                |                                     |
|--------------------------------|-------------------------------------|
| - AML/CFT Policy and procedure | - Procurement Policy                |
| - Compliance Policy            | - HR Policy                         |
| - Risk Management Policies     | - Whistleblower Policy              |
| - Code of Conduct              | - Fraud Prevention Policy           |
| - Conflicts of Interest Policy | - Related Party Transactions Policy |

## 5. Risk Appetite

SDF has a Board approved Risk Appetite Statement (RAS) which sets out the level of risk the Company is willing to accept when pursuing strategic objectives of SDF. The RAS is in line with the Strategic Plan of the Company. As with any involvement with activities that are illegal, the SDF's risk appetite for bribery and corruption is zero.

SDF is committed to countering bribery and corruption in all forms, and promotes a culture of compliance and genuine engagement with anti-bribery and anti-corruption standards as breaches of anti-bribery and anti-corruption laws attract serious criminal and civil penalties in Sri Lanka. Any association with bribery and corruption can also result in serious reputational damage to SDF and individuals involved.

SDF seeks to establish and maintain meticulous policies, procedures and controls to assist it to operate within its risk appetite at all times. SDF recognises that certain jurisdictions, sectors, transactions, business opportunities and business partnerships pose greater bribery and corruption risks, and seeks to identify and manage these risks by way of this Policy.

## 6. Responsibilities

SDF demands that anti-corruption laws are not breached and ensures that the reputation of SDF is not damaged. SDF categorically prohibits the use of the Company funds for the purpose of making or facilitating any political contribution. SDF employees must comply with the related policies/guidelines/circular letters when undertaking any of the following activities on behalf of the Company;

- offering or accepting any benefits, including gifts, entertainment, meals, travel/accommodation, training or any other things of value;
- engaging and monitoring Third Parties;
- procuring goods and services
- making charitable or community donations or sponsorships.

It is strictly prohibited for any SDF employee to pay or accept bribes to obtain any improper business or other advantage. Corrupt conduct by SDF employees is absolutely prohibited.

SDF employees must comply with anti-bribery and anti-corruption standards established below by this Policy.

**All SDF employees must not:**

- pay, offer, promise or accept, directly or indirectly, any bribe, kickback, secret commission or other form of improper payment (however small) in order to obtain any improper business or other advantage for the company, for themselves, or for others;
- make facilitation payments. Facilitation payments are payments (typically of low value) made to a public official with the purpose of expediting or facilitating the performance of a routine governmental action:
- provide or accept benefits including gifts, hospitality, entertainment, meals, travel/accommodation, training or other things of value which are contrary to the standards in the related policies.
- provide or offer any gifts or benefits in circumstances where it is known or suspected that the recipient cannot accept the gift or benefit pursuant to law or to any duties/obligations that they owe others;
- make charitable or community donations or sponsorships which are contrary to the SDF policy.
- enter into or continue a business relationship with a third party if they cannot be satisfied that such third party will behave in a manner consistent with this Policy;
- engage or make a payment to a business partner, or any other third party, knowing or suspecting the business partner or third party may use or offer all or a portion of the payment directly or indirectly as a bribe, kickback, secret commission or other form of improper payment;
- falsify or mis-describe any book, record or account relating to business of SDF. All receipts and expenditures must be supported by documents that describe them accurately and properly;
- engage in a corrupt practice which is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another person;
- engage in a fraudulent practice by acting or omitting to act which includes misrepresenting or misleading a person to obtain a financial or other benefit or to avoid an obligation;
- engage in a collusive practice which is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

- engage in an obstructive practice which is deliberately destroying, falsifying, altering or concealing of evidence material to an investigation or making of false statements to investigators;
- engage in a coercive practice which would impair, harm or threaten to impair or harm directly or indirectly any person or the property of any person to influence improperly the actions of that person;
- prevent/ abate/ refrain another staff member from performing official duties due to being influenced by any corrupt conduct;
- cause or authorise any of the above conduct or any other conduct which is inconsistent with this Policy.

SDF employees must not do any of the above in their ‘personal capacity’ in an attempt to evade the requirements of this Policy.

No SDF employee will be penalised, or be subject to other adverse consequences, for refusing to pay bribes or engage in any other conduct which would be a breach of this Policy, even if that refusal may affect business of the Company.

SDF employees must keep accurate and complete records of all steps that have been taken towards compliance with the requirements of this Anti-bribery and Anti-Corruption Policy.

Individuals and corporate entities associated with SDF including Third Parties, which act for or on behalf of SDF, or who perform functions in relation to or on behalf of SDF are expected to have and comply with policies managing bribery and corruption risk.

## **7. Non Compliance with this Policy**

Since SDF has zero tolerance for conduct in violation of this Policy, a breach of any of the provisions of this Policy may lead to disciplinary action and will be investigated in line with the HR Policy of SDF. It may be treated as gross misconduct and could render an SDF employee liable to summary dismissal. Conduct in violation of this Policy may also breach applicable anti-corruption laws and result in criminal or civil penalties, including fines and imprisonment.

SDF employees must cooperate fully and openly with any investigation by SDF into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information is a breach of this Policy.



## 8. Reporting suspected or actual breaches

If any SDF employee becomes aware of any actual or suspected breach of this Policy, the standards or any relevant anti-corruptions laws, or any request or demand for any undue financial or other advantage, this must be immediately reported to the Senior Management or escalate it to the Compliance Officer and in accordance with the Whistleblower Policy of the Company.

Material breaches of the Policy will be reported to the Board Integrated Risk Management Committee (BIRMC) in accordance with the Compliance Policy and Whistle Blower Policy.

### 8.1 Channels of reporting any breach or allegations

<b>Any reportable conduct by</b>	<b>Reporting Authorities</b>
Chairman of the Board	Senior Independent Director
CEO	Chairman of the Board
Any other Director including Senior Independent Director	Chairman of the Board
Members of the Corporate Management	Chief Executive Officer
Any other employee	Compliance Officer / Head of Human Resources

Where a staff member is uncomfortable to report to the immediate supervisor or to the responsible persons given in the reporting channel, he/ she is encouraged to report to one of the reporting authorities stated above with whom the staff member is comfortable in approaching.

Processes are in place to ensure that reports are logged, investigated and appropriate action is taken. Measures are in place to ensure that complaints are treated confidentially to the extent possible, and consistently with legislative protections.

In circumstances where the bribery or corruption relates to customers, SDF may have obligations to report the conduct to the Financial Intelligence Unit (FIU) at the Central Bank of Sri Lanka. These obligations are detailed in the AML/CFT Policy of the Company.

SDF will not permit retaliation of any kind against any SDF employee where they have reasonable grounds to suspect a violation of this Policy. Any actual or attempted retaliation is also a breach of this Policy.

SDF will use an appropriate channel to inform its customers on the ability to raise their concerns on Bribery or Corruption related activities that they are aware of with the Compliance Officer / Head of HR of the Company.

## **9. Risk Assessment**

The Risk Management Department of SDF shall undertake a risk assessment of the overall operations of the Company in relation to bribery and corruption at least once in two years and as and when necessary (including when there is a change in law, changes in businesses of the Company or circumstances whereby a risk assessment is warranted) to identify, analyse, assess and prioritize actions needed to mitigate internal and external corruption/ bribery risks identified.

The Management shall review the Risk Assessment Report of the Company and consider improvements on the policies and procedures in combating bribery and corruption. The report will be presented to the Board Integrated Risk Management Committee (BIRMC).

## **10. Responsibility for the implementation of the Policy**

The prevention, timely detection and prompt reporting of bribery and corruption are the responsibility of all SDF employees. Hence, all SDF employees are responsible for complying with this Policy and other related policies/ guidelines.

In addition, in accordance with its risk management approach, SDF adopts the ‘Three Lines of Defense’ (LOD) approach to ensure effective governance and management of bribery and corruption risk, as described below.

### **10.1 Business Units**

- Takes primary accountability for the identification, ownership, management and control of bribery and corruption related risks including management of gifts and entertainment registers, embedding a supportive risk culture.
- Undertakes enhanced due diligence where required in accordance with this Policy and the standards.
- Notifies the Compliance Department where a bribery and corruption risk has been confirmed by enhanced due diligence and the action proposed to be taken to address such risk.
- Monitors controls to ensure the bribery and corruption risk related controls are continually implemented and followed.
- Ensures all staff complete required anti-bribery and corruption training, have a practical understanding of this Policy and the standards and, within the ambit of their role, are competent in detecting and responding to bribery and corruption.

- Implements and follows procedures for notifying the Compliance Department of bribery and corruption (suspected or actual), or Procurement Committee where the bribery and corruption relates to suppliers.
- Collaborates with 2nd LOD on implementing and improving processes and controls for the management of bribery and corruption risks.

## **10.2 Compliance and Risk Management**

- Responsible for compliance and ensuring that the Policy remains up-to-date and relevant to the business of the Company.
- Responsible for this Policy and ensuring that it remains up-to-date with legislative changes.
- Advises on the compliance obligations under anti-bribery and corruption legislation and associated regulatory guidance, assists the business to assess its bribery and corruption risk with the support of the Risk Management Department, and provides oversight of activities of the Company in respect of bribery and corruption risks.
- Assists SDF employees to identify activities (including procedures and controls) to mitigate bribery and corruption risks.
- Monitors the effectiveness of the controls designed to address bribery and corruption risks and reports to the Board Integrated Risk Management Committee.
- Develops anti-bribery and corruption training materials and delivers training.
- Acts as the contact point for relevant authorities, regulators and law enforcement with regard to bribery and corruption related matters.
- Monitors and performs reviews of gifts and entertainment registers, maintained by the Branches/ Departments.
- The Risk Management Department of SDF shall undertake a risk assessment of the overall operations of the Company in relation to bribery and corruption at least once in two years and as and when necessary,

## **10.3 Audit**

- Provides the business with independent objective assurance on the overall effectiveness of the design and operation of internal controls to deal with bribery and corruption risk.
- Conducts periodic independent testing and evaluation that risk management practices and internal controls are functioning as intended in accordance with the Policy and procedures.

## 11. Governance

When a weakness or a gap is detected during a breach, or where there are new developments in the industry, laws or regulations, improvements on the policies and procedures of the Company, a process review exercise shall be considered and/or necessary modifications will be made to the Policy promptly. In the event of any inconsistency between this Policy and other policies of the Company, provisions in this Policy shall prevail.

The Management shall review the Risk Assessment Report of the Company prepared by the Risk Management Department and consider improvements on the policies and procedures in combating bribery and corruption. The report will be presented to the Board Integrated Risk Management Committee (BIRMC).

The Internal Audit Department shall review the anti-bribery and anti-corruption compliance and measures to assess its compliance, performance, efficiency and effectiveness. The audit report shall be presented by the Internal Audit Department to the Board Audit Committee for review.

The Compliance Department shall undertake periodic reviews on the Company's implementation of and adherence to the Anti-Bribery and Anti-Corruption Policy. The report shall be presented by the Compliance Department to the Board Integrated Risk Management Committee for review in accordance with the requirements of the Company.

## 12. Review of the Policy

This Policy will be reviewed at least once in two years, or more frequently if required, by the Compliance Department to:

- ensure they remain effective and relevant to SDF
- ensure that they continue to comply with relevant laws, regulatory guidance and industry standards;
- ensure reports of breaches were appropriately recorded, investigated and responded to; and
- determine if any changes are required

The policy review should be recommended by the Board Integrated Risk Management Committee and approved by the Board.