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# Policy on Internal Code of Business Conduct and Ethics

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Hikkaduwa Beach Resort PLC



**SEPTEMBER 30, 2024**  
HIKKADUWA BEACH RESORT PLC  
No. 56/1, Kynsey Road, Colombo 08.

# HIKKADUWA BEACH RESORT PLC: Policy on Internal Code of Business and Ethics

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# 1 Introduction

Hikkaduwa Beach Resort PLC (hereinafter referred to as the Company ) is committed to the highest standards of ethical behavior and will encourage proper ethical conduct and within the Company. An ethical culture based on standards and conduct, led by the shareholders, directors and management and followed by all employees.

## 2 Conflicts of interest

Directors and employees must avoid conflicts of interest. A conflict situation can arise when a director, a key management personnel or any other employee performs or has such interests that may make it difficult to perform his company work objectively and effectively. Conflicts of interests also arise when a member of their family or a close personal friend receive improper personal benefits because of his position in the company.

The Company shall have a policy prohibiting such conflicts of interest and providing a means for directors, key management personnel or any other employee to disclose them to the appropriate personnel and follow prescribed procedures to address such conflicts.

## 3 Fair and transparent procurement practices

Every employee who is authorized to procure goods or services for the company must ensure that the company's policies and procedures are strictly followed and documented, in a fair and transparent manner.

## 4 Accurate accounting and record-keeping

The directors and employees shall ensure that they follow all applicable laws, external accounting requirements and the company procedures for reporting financial and other business information. All employees shall ensure that they manage their business records in accordance with the applicable records, management policy and procedures.

## 5 Corporate opportunities

Hikkaduwa Beach Resort PLC Directors, key management personnel and employees shall be prohibited from:

- A. taking opportunities that are discovered through the use of corporate property, information or position;
- B. using corporate property, information, or position for personal gain; and
- C. competing with the company.

Directors, key management personnel and employees owe a duty to the company to advance its legitimate interests when the opportunity does arise.

## 6 Confidentiality

Directors, key management personnel and all employees shall maintain the confidentiality of information entrusted to them by the Company or its customers, suppliers and other stakeholders, except when this disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers or to any other stakeholder, if disclosed.

## 7 Fair dealing

All directors, key management personnel and all employees shall endeavor to deal fairly with the company's customers, suppliers, competitors and employees. None shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair – dealing practice.

## 8 Protection and proper use of company assets

All directors, key management personnel and all employees shall protect the company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the company's profitability. All company assets should be used for legitimate business purposes.

## 9 Compliance with laws, rules and regulations and insider trading

The company shall proactively promote compliance with laws, rules and regulations, including insider trading laws. Insider trading is strictly prohibited. Directors, key management personnel and employees who possess non-public, material information about the company must not trade in the entity's listed securities or provide such information to others who may use it for trading.

## 10 Illegal or unethical behavior

The company shall proactively promote ethical behavior. The company shall encourage employees to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. Additionally, employees should report violations of laws, rules, regulations or the code of business conduct and ethics, to appropriate personnel. To encourage employees to report such violations, the company must ensure that employees know that the Company will not allow retaliation for reports made in good faith.

## 11 Entertainment and gifts

The directors, key management personnel and employees must not actively solicit or demand any form of entertainment or gift from any person or organization outside the company. The directors and employees are not permitted to offer or accept business entertainment and gifts without prior approval, provided that the entertainment or gift in question is modest, appropriate, and consistent with reasonable business practice and permissible under all applicable laws.

Further detailed in the Policy on Anti-bribery and Corruption.

## 12 Whistleblowing

Directors, key management personnel and employees are encouraged to report any violations of this Code, questionable practices, or unethical conduct to the relevant personnel or through a confidential reporting mechanism.

This has been detailed in the Policy of Whistleblowing.

## 13 Training Program

The Company shall establish an ethics training program for all existing Directors, key management personnel and employees. This shall be included in the induction program for all new employees.

## 14 Approval, Revision & Dissemination of the Policy

- A. The policy should be revised as deemed necessary, particularly in the event of changes in law and authoritative sources of best practice in corporate governance.
- B. The Nominations and Corporate Governance Committee is responsible for the initial review and recommendations to the Board and may obtain the services of the Company Secretary and Management in this regard.
- C. The policy shall be approved by the Board of Directors and signed by the Chairman.
- D. Upon revision of the policy, the Company Secretary will ensure that:
  - a) all directors are informed of the revisions
  - b) the policy is updated on the website of the Company in accordance with CSE Listing Rules