



## **ANTI-BRIBERY AND ANTI-CORRUPTION POLICY**

# ANTI-BRIBERY AND ANTI-CORRUPTION POLICY (ABAC POLICY)



## Merchant Bank of Sri Lanka & Finance PLC

Approver	Board of Directors through Board Audit Committee
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Policy Owner :	Compliance Officer
Functional Owner :	Head of Human Resource Management/ Board HR Committee

Revision History				
Version	Approval Date	Effective Date	Author	Description
1.0		1st October 2024	Compliance Officer	New Policy

## **1. Introduction**

Merchant Bank of Sri Lanka and Finance PLC (MBSL) is committed to conducting business with integrity, transparency, and accountability. This policy outlines our stance against bribery and corruption in compliance with the Sri Lanka Anti-Corruption Act and the Colombo Stock Exchange (CSE) listing rules, which mandate adherence to high standards of corporate governance and ethical conduct.

## **2. Purpose**

The purpose of this policy is to:

- I. Prevent and eradicate bribery and corruption.
- II. Enhance transparency and integrity within MBSL.
- III. Ensure compliance with national and international anti-corruption laws and standards.

## **3. Scope**

This policy applies to all employees, directors, officers, agents, consultants, and any other third-party representatives of MBSL.

- I. To conduct business with zero tolerance of any forms of bribery and corruption.
- II. To ensure compliance with all applicable laws and regulations relating to ABAC.
- III. To provide information on the available confidential channel available to all Stakeholders and Third Parties to raise concerns without fear of reprisal.

## **4. Applicability**

This Policy is applicable to:

- I. All Stakeholders which include all members of the Board and the senior leadership team members and all other employees at MBSL; and
- II. All Third Parties that conduct business with MBSL.

The Bank encourages and influences all of its non-controlled interests (such as non-controlled joint ventures, partners, contractors, sub-contractors, vendors, suppliers, service providers, consultants, representatives, and others performing work or providing services for or on behalf of the Bank) to have and implement Anti-Bribery and Anti-Corruption policies and procedures to an equivalent standard as this Policy.

## **5. Policy Statement**

Merchant Bank of Sri Lanka and Finance PLC (MBSL) is unwavering in its commitment to conducting business with the highest standards of integrity, transparency, and accountability. In alignment with the Sri Lanka Anti-Corruption Act and related rules, MBSL adopts a zero-tolerance approach to bribery and corruption.

We are dedicated to fostering a culture of ethical conduct and good governance across all levels of our organization. This policy serves as a cornerstone of our efforts to prevent and combat bribery and corruption, ensuring that all business activities are carried out in a lawful and ethical manner.

All employees, directors, officers, agents, consultants, and third-party representatives of MBSL are expected to adhere to this policy and uphold our commitment to ethical business practices. Any form of bribery or corruption is strictly prohibited, and violations will result in disciplinary action, including potential termination and legal consequences.

## **6. Responsibilities**

### **6.1 Responsibilities of the Board of Directors**

- I. Formally approve the Anti-Bribery and Anti-Corruption (ABAC) policy upon recommendation of the BIRMC and ensure it aligns with the Sri Lanka Anti-Corruption Act and other regulatory requirements.
- II. Oversee the implementation and effectiveness of the ABAC policy across the organization to ensure that the organization upholds the highest ethical standards in its business operations.
- III. Demonstrate a strong commitment to ethical conduct and zero tolerance for bribery and corruption. All decisions should be made based on the best interests of the company and in compliance with this policy.
- IV. Do not tolerate or allow discrimination or retaliation against those who raise or report genuine concerns.

### **6.2 Responsibilities of Senior Management**

- I. Implement the ABAC policy within their respective departments and ensure compliance.
- II. Enforce the policy consistently and fairly across all levels of the organization.
- III. Hold individuals accountable for violations of the ABAC policy, including taking disciplinary action where necessary.
- IV. Timely review the ABAC policy to ensure its relevance and effectiveness.

- V. Implement appropriate measures to mitigate identified risks and ensure continuous monitoring.
- VI. Investigate reported incidents promptly and thoroughly, in coordination with the relevant departments.
- VII. Ensure transparency in reporting the organization's anti-bribery and anti-corruption efforts.

### 6.3 Responsibilities of All Staff Members

- I. Read, understand, and adhere to this Policy during the performance of and carrying out of duties for or on behalf of MBSL.
- II. Avoid any activities that could lead to, or suggest, a breach of the ABAC policy.
- III. Avoid accepting or offering gifts, hospitality, or other benefits that could influence, or appear to influence, business decisions.
- IV. Report any concerns or suspicions of bribery and corruption to the appropriate channels, as outlined in the Whistleblowing Policy.
- V. Cooperate fully with any investigations related to bribery and corruption.

## 7. Definitions

Under the Anti-Corruption Act, No. 9 of 2023 in Sri Lanka,

7.1 Bribery is defined as offering, giving, receiving, or soliciting any gratification to influence the actions of an individual in their official capacity. This includes any economic, financial, or commercial activity where gratification is offered directly or indirectly to an employee or director in a private sector entity to commit or refrain from committing any act in breach of their duties.

7.2 Corruption under the Anti-Corruption Act, No. 9 of 2023, includes any act of dishonesty or unethical behavior by a person in a position of power, typically involving bribery. This encompasses a wide range of activities, including but not limited to:

- I. **Fraud:** Deception intended to result in financial or personal gain.
- II. **Embezzlement:** Theft or misappropriation of funds placed in one's trust or belonging to one's employer.
- III. **Extortion:** Obtaining something, especially money, through force or threats.
- IV. **Abuse of Power:** Using one's position of power to gain an undue advantage.

### **7.3 Gratification includes but is not limited to:**

- I. Monetary payments
- II. Gifts
- III. Hospitality (meals, entertainment, travel expenses)
- IV. Services (professional services provided for free or at a reduced rate)
- V. Favors (preferential treatment or special privileges)
- VI. Loans (money lent without interest or at a lower interest rate than usual)
- VII. Employment (offering jobs or promotions)
- VIII. Contracts (awarding business contracts or other commercial opportunities)
- IX. Sexual favors

## **8. Prohibition/Prevention**

### **8.1 Prevention of Bribery MBSL employees are prohibited from:**

- I. Offering or suggesting a bribe, or consenting to the offer or proposal of a bribe.
- II. Paying bribes.
- III. Soliciting or accepting a bribe to influence a decision, to obtain unauthorized access to confidential information, or to do or not to do a particular act.
- IV. Making facilitation payments (petty and unofficial, undue payments paid to execute or accelerate a certain function or establish a certain action by an official).
- V. Contracting a third party to any of the above acts.
- VI. Engaging vendors or suppliers who are known and/or vulnerable to bribery and corruption.
- VII. Processing funds known to be or reasonably suspected of being the proceeds of bribery or corruption.

### **8.2 Payments/Fees to Government Institutions:**

MBSL officials shall ensure that such fees made should be limited to the official charges imposed by the relevant government or semi-government institutions.

### **8.3 Donations to Charities:**

Donations should be made directly to the organizing/managing bodies and not through third parties, especially when a public official/body is associated.

### **8.4 Sponsoring Politicians/Political Parties:**

No such payments should be made under any circumstance.

### **8.5 Engaging Public Officials:**

MBSL officers should not influence or attempt to influence public officials in order to obtain approvals, permissions, or sanctions, or to obtain or retain business or an advantage in business. MBSL officers should also be very cautious in inviting public officials, their relatives, or their close associates for functions organized by the Bank.

### **8.6 Employment Contracts:**

Recruitment initiatives must be merit-based, fair, and in compliance with the Resourcing Policy of the Bank. Hiring for paid or unpaid, temporary or permanent roles must not be used to influence third parties or to obtain or retain business or an advantage in business. Adequate measures should also be taken to maintain transparency when recruiting candidates reportedly having contacts with public officials.

### **8.7 Books and Records:**

MBSL shall not engage in improper accounting or concealment of complete and accurate financial activity. All employees have the responsibility for accurately documenting the provision of anything of value provided to customers, whether current or potential, public officials, or any other third party. Equally, the Bank shall maintain records for anything of value provided by the customers, potential customers, public officials, and any other third party.

### **8.8 Laundering the Proceeds of Bribery:**

Adequate customer due diligence procedures are in place to detect and prevent money laundering. Hence, all MBSL Officers shall have the responsibility to reasonably prevent the Bank from being used by customers to facilitate financial transactions involving improper payments or deposits reasonably believed to be the proceeds of bribery or corruption.

## **9. Reporting and Investigation**

- I. **Reporting:** Employees and third parties are encouraged to report any suspected bribery or corruption to the Compliance Officer.
- II. **Investigation:** All reports will be investigated promptly and thoroughly. Confidentiality will be maintained to the extent possible.

## **10. Penalties**

Violations of this policy will result in disciplinary action, which may include termination of employment, legal action, and reporting to relevant authorities as per the Anti-Corruption Act, No. 9 of 2023.

## **11. Training and Awareness**

MBSL will provide regular training to employees on anti-bribery and anti-corruption measures. Awareness programs will be conducted to educate employees about the importance of ethical conduct.

## **12. Monitoring and Review**

This policy will be reviewed every two years by the policy owner- Compliance Officer and the HOD-HR will report to the board at-least biannually to ensure its effectiveness and compliance with the Anti-Corruption Act, No. 9 of 2023. Any necessary amendments will be made to address emerging risks and changes in legislation.