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

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**Compliance Department**

**PMF FINANCE PLC**

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## 1.0 Introduction

This policy on Anti-Bribery and Corruption has developed in line with the Section 9.2 of the Listing Rules issued by CBSL on Corporate Governances to set out the principles for countering bribery and corruption and the management of bribery and corruption risk in PMF Finance PLC (the company) by preventing the company, company personnel (as defined below) and third parties (as defined below) by requiring them to commit to countering bribery and corruption in all forms in relation to transactions routed through or involving the company . The company has zero tolerance for any form of bribery and corruption, and will treat potential instances of bribery or corrupt behaviour as a threat to its integrity and reputation as a business. The company 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. The Policy does not relate to customers or their transactions to the extent where they are dealt in line with AML/CFT/CPF Policy of the company which focuses on Anti-Money Laundering risks, Combatting the Financing of Terrorism in connection with customer accounts, and related controls which focus on internal and external fraud and corruption risks by its customers. Through this Policy, the company strives to promote and achieve compliance with Anti-Bribery and Anti-Corruption Laws.

### 1.1 Scope

This Anti-Bribery and Anti-Corruption Policy (the Policy) is applicable to PMF Finance PLC, and its activities. The company's core values are incompatible with bribery and corruption.

Accordingly, this Policy applies to:

- The company and its operations
- All employees
- Third Parties
- Directors

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

### 1.2 Definitions

#### **Company Personnel**

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All Directors, Consultants, Management, Officers and Employees (including permanent, probation, temporary or contract staff) of the company, and individuals (including trainees, seconded staff, casual workers, agency staff, interns) acting as an Accountable Person for the company.

### **Breach**

Non-compliance with any of the requirements outlined in this Policy where such non-compliance has not been approved by the Head of Human Resource or the Head of Compliance.

### **Bribery**

Under the law, bribes and bribery have a very wide definition. 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, any employee/ director in a private sector entity 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 gratification may involve a monetary payment or offer, it covers anything of value such as:

- i. cash or cash equivalents (eg: gift vouchers, tickets to an event or loans);
- ii. some gifts, hospitality, entertainment or travel;
- iii. donations or scholarships;
- iv. offers of employment or favoring a hiring decision;
- v. the provision of favors (eg: discounted or ‘free’ use of services of the Company, facilities or property);
- vi. training;
- vii. sexual favors;
- viii. anything else that is of value to the recipient

### **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.

### **Facilitation Payments**

Facilitation payments are unofficial payments made to secure or expedite a routine government action by a government official.

### **Kickbacks**

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Kickbacks are typically payments made in return for a business favour or advantage

### **Gratification**

Money or any gift, loan, fee, reward, commission, valuable security, or other property or interest in property of any description, whether movable, intangible and unreal or immovable. Money includes currency which is in digital or virtual form recognized as legal tender, whether or not such currency is recognized in Sri Lanka.

### **Sexual Favour**

Sexual intercourse or any act that may not amount to sexual intercourse, but may amount to or constitute physical, verbal or non-verbal conduct of a sexual nature, including the exposure of a private body part or any act performed by the use of information and communication technology or any other means.

### **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, suppliers of the company.

## **1.3 Related Policies**

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

- AML/CFT Policy
- Compliance Policy
- Risk Management Policies
- Code of Conduct
- Conflicts of Interest Management Policy
- Procurement Policy
- HR Policies
- Whistle blowing policy
- Related Party Transactions Policy
- Gift Policy

## **2.0 Obligations**

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

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- 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;
- entering into new business ventures; and
- making charitable or community donations or sponsorships.

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

Company Personnel must comply with anti-bribery and anti-corruption standards established below by this Policy. All Company Personnel 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 Company 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 miss-describe any book, record or account relating to business of the Company. 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.

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- 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.

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

No Company Personnel 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.

Company Personnel 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 the Company including Third Parties, which act for or on behalf of the Company, or who perform functions in relation to or on behalf of the Company are expected to have and comply with policies managing bribery and corruption risk.

### 3.0 Potential Scenarios of Bribery and Corruption Risk

Bribery risk extends beyond cash transactions and can originate from the offer or transfer of any valuable item.

Below are some examples of relationships and situations that may increase the likelihood of bribery and corruption. Any such instances should be promptly reported to the Head of HR or Head of Compliance for prompt action.

- **Offers of employment**

When offering employment to individuals who are related to or associated with senior public officials, careful consideration is required. It is permissible to hire such candidates; however, it is crucial to avoid any hiring that could be perceived as being for an improper purpose. Ensuring transparency and integrity process is essential to prevent any conflicts of interest or the appearance of favouritism.

- **Administrative payments**

Administrative payments are generally small, unofficial payments made to accelerate or secure routine government actions or administrative processes. Examples include, but are not limited to:

- Obtaining or expediting permits, license, or other official documents or approvals
- Securing police assistance for site safety against theft or other risks
- Facilitating the collection and delivery of mail or parcels

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- Connecting utilities such as water, electricity, or telephone services to a site

It is important to distinguish facilitation payments from legitimate, lawful payments that are receipted and made to authorized entities, often to access expedited services or options like fast-track processing.

Anti-bribery and corruption policy explicitly forbids any form of facilitation payments by directors, employees, or third parties acting on its behalf.

- **Donations and sponsorship**

When contributions are made for charitable causes, proper due diligence should be performed. All charitable donations must always be approved by the authorized personnel and directly transferred to a registered charitable organization, rather than through a third party or individual. In case of any uncertainties, guidance should be sought from the Legal Department and/or Compliance Department.

No political contribution to a candidate for public office, an elected official, a political party or political action committee, can be made, on behalf of PMF Finance.

Special requirements may arise on company's sponsorship activities. Any sponsorship activities should be in line with the delegated authority approved by board of directors of the company from time to time.

- **Gifts**

Gifts means anything given without the expectation of receiving anything in return. Gifts include (but not limited to) :

- Corporate branded items
- Business gifts
- Travel or accommodation associated with a business conference, meeting or event
- Business meals and refreshments
- Ticket to sports, music or cultural events
- Favourable terms or discounts on a product or service for the employee's benefit that are not otherwise available to all;
- Merchandise (For example: gift baskets, clothing, mugs, pens, collectibles)

Additional information and clarifications are available in the company's Gift Policy.

- **Public officials**

Proper due diligence must be performed whenever public officials, their family members, or close associates are invited to company sponsored entertainment, or when any payments are made to them by or on behalf of company.

Additional enhanced due diligence should be undertaken whenever a payment is made to a Politically Exposed Person (PEP), as defined in the company's AML/CFT/CPF policy.

- **Collaboration with third party service providers**

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Third party service providers may include suppliers, agents, and outsourced personnel who perform functions on behalf of the company, in accordance with the applicable regulations and the company's Outsourcing Policy.

All agreements with third party service providers must explicitly prohibit any involvement in, or contribution to, activities that constitute bribery or corruption, or that could expose the company to bribery and corruption risks.

- **Sexual Bribery**

PMF Finance PLC upholds a strict zero-tolerance policy towards any forms of sexual bribery or coercion. The company firmly prohibits the solicitation or acceptance of sexual favours in exchange for business advantages, employment decisions, or any professional gain. All individuals associated with the company, including employees, contractors, and third parties, are expected to conduct themselves with the highest standards of integrity and professionalism.

Any violation of this policy, regardless of position or rank, will result in immediate disciplinary action, including termination of employment or contract, and may lead to legal consequences. We are committed to maintaining a work environment that promotes mutual respect, equality, and ethical conduct at all times.

#### **4.0 Reporting Suspected or Actual Breaches**

If any Company Personnel 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 Branch Manager or the Business Unit Head and/or escalate it to the Head of HR or Head of Compliance required and in accordance with the Whistle blowing Policy of the Company.

Authorized methods for reporting misconduct include the following;

- **Self reporting**

This method encourages individuals to report on wrongdoing or corruption in which they played a role, by offering penalty mitigation, even immunity, limit or reduction of penalties by evaluating the case as an incentive for self-reporting. Voluntary disclose include cooperating with the authorities in investigating corruption. And balance between investigate benefits and prosecution of person committing corruption is based on the judgement call of the authority based on the circumstances.

- **Internal reporting**

The personnel who observed, encountered, or have suspicions of corruption or misconduct may utilize established communication methods such as email, dedicated phone lines, and in-person meetings to report to the designated authorities.

#### **Channels of reporting any breach or allegations**

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<b>Corruption committed by</b>	<b>Reporting Authorities</b>
Employees	Head of HR/ Head of Internal Audit/ Head of Compliance
Department Heads / Member of the Corporate Management	Chief Executive Officer / Chief Operating Officer
Any other directors including Chief Executive Officer/ Chief Operating Officer	Chairman of the Board Audit Committee
Chairman of the Board	Board of Directors

Furthermore, beyond the conventional reporting channels outlined, employees are encouraged to explore various avenues to obtain guidance and engage in discussions regarding concerns.

- Direct access to higher management
- Open door schemes for employees to voice concerns with management
- Advice from trusted people such as the Head of HR, Head of Compliance

- **Whistle-blowing**

Employees are encouraged to report any reasonable suspicions of violations directly to their immediate supervisor, the Head of Internal Audit, or the Chairman of the Board Audit Committee. Additionally, the company's Whistle-blowing Policy applies to disclosures related to bribery and corruption.

- **Complaint handling**

Complaint handling policy has been implemented as the guidance for associates to lodge complaints in the following instances;

- Complaint about company, its products and services or against an employee, representative, officer or director
- Potential damage suffered by the client
- Request for corrective measures

All the complaints in regard to above instance, are handling according to the procedures specified in the complaint handling procedure.

- **Financial Ombudsman**

The company is registered with the Financial Ombudsman Scheme of Sri Lanka, allowing clients to pursue fair resolution of complaints or disputes if the company's remedial actions are inadequate. Procedures are established to record, investigate, and address complaints promptly.

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Additionally, measures are implemented to handle all complaints confidentially, to the extent feasible, while complying with applicable legal protections.

- In circumstances where the bribery or corruption relates to customers, the Company 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/CPF Policy of the Company. Where potentially relevant, Company Personnel should consider whether the Company has additional reporting obligations in line with these requirements.
- The Company will not permit retaliation of any kind against any Company Personnel where they have reasonable grounds to suspect a violation of this Policy. Any actual or attempted retaliation is also a breach of this Policy.
- Company 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 Head of Compliance / the Head of HR of the company.

## 5.0 Risk Assessment

The company should conduct a comprehensive risk assessment of its operations to identify, analyze, and prioritize measures necessary to mitigate both internal and external risks related to bribery and corruption. This assessment will be conducted in conjunction with the periodic evaluations carried out for money laundering, terrorist financing, and proliferation financing (ML/TF/PF).

The resulting risk assessment reports shall be submitted to the Board Integrated Risk Management Committee for review. Management will examine these reports, and where appropriate, consider implementing enhancements to the company’s anti-bribery and corruption policies and procedures to strengthen the overall control environment.

## 6.0 Responsibility for the Policy

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

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

Structure	Responsibilities
<b>1. Business Units</b>	<ul style="list-style-type: none"> <li>• Takes primary accountability for the identification, ownership, management and control of bribery and corruption related risks including management of gifts and entertainment registers.</li> <li>• Undertakes enhanced due diligence where required in accordance with this Policy and the standards.</li> <li>• Notifies the Compliance team where a bribery and corruption</li> </ul>

	<p>risk has been confirmed by enhanced due diligence and the action proposed to be taken to address such risk.</p> <ul style="list-style-type: none"> <li>• Monitors controls to ensure the bribery and corruption risk related controls are continually implemented and followed.</li> <li>• 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.</li> <li>• Implements and follows procedures for notifying the Compliance team of bribery and corruption (suspected or actual), or Procurement team where the bribery and corruption relates to suppliers.</li> <li>• Collaborates with 2nd LOD on implementing and improving processes and controls for the management of bribery and corruption risks.</li> </ul>
<p><b>2. Compliance Department and Risk Management Department</b></p>	<ul style="list-style-type: none"> <li>• Responsible for compliance and ensuring that the Policy remains up-to-date and relevant to the business of the company.</li> <li>• Responsible for this Policy and ensuring that it remains up-to-date with legislative changes.</li> <li>• 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 Risk Management team, and provides oversight of activities of the company in respect of bribery and corruption risks.</li> <li>• Monitors the progress of actions identified in Management Action Plans arising from annual compliance risk assessments.</li> <li>• Assists company Personnel to identify activities (including procedures and controls) to mitigate bribery and corruption risks.</li> <li>• Monitors the effectiveness of the controls designed to address bribery and corruption risks.</li> <li>• Develops anti-bribery and corruption training materials and delivers training.</li> <li>• Acts as the contact point for relevant authorities, regulators and law enforcement with regard to bribery and corruption related matters.</li> </ul>
<p><b>3. Internal Audit Department</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Conducts periodic independent testing and evaluation that risk management practices and internal controls are functioning as intended in accordance with the company Audit.</li> </ul>

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## 7.0 Guidelines for Reporting, Managing, and Investigating Allegations of Misconduct

- Business line management serves as the initial point of contact for advice and may refer to the Human Resource Department and Compliance Department for further support when necessary.
- In instances where a Director or an Employee becomes aware of an actual incident or breach of this policy or any attempt to bribe or engage in corruption, he/she must report it immediately, in accordance with the section 4.0.
- If there is suspicion or awareness that the company's fund are intended for, or derived from, bribery or corruption, the individual must promptly inform the Head of HR or the Head of Compliance.
- The above-mentioned reporting channels enable employees with the opportunity to report potential/actual bribery related incidents in a confidential manner and protect employees from retaliation for good faith reporting.
- All inquiries concerning possible bribery and corruption incidents will be conducted with utmost confidentiality throughout the entire process.

## 8.0 Non-Compliance with the 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 the Company. It may be treated as gross misconduct and could render Company Personnel 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.

Company Personnel must cooperate fully and openly with any investigation by the Company 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.

## 9.0 Training and Guidance on the Policy

Company Personnel will receive or be provided with access to a copy of this Policy, and will be provided with appropriate training on bribery and corruption awareness. This Policy will be hosted in the corporate website (<https://pmf.lk/>) and MintHRM system of the company. The company will ensure that company Personnel are adequately informed about the requirements of this Policy.

Additional training will be provided to company Personnel identified for specific anti-bribery and anti-corruption training. Any questions or clarifications in relation to this Policy should be directed to the Head of Compliance or Head of HR.

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## **10.0 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.

Internal Audit 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 Internal Audit to the Board Audit Committee for review.

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.

## **11.0 Policy Review**

This policy should be reviewed at least once in every two years or as & when required to accommodate for any changes in regulatory or other requirements. The policy should be submitted to the Board of Directors for approval.