

**CODE OF BUSINESS CONDUCT AND ETHICS**



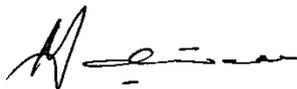
**UNITED MOTORS GROUP**

To : **All Employees of United Motors Lanka PLC and its  
Subsidiary Companies**

UML Group Code of Business Conduct which is explained and summarized in this booklet, is a guide for every Company Director, General Manager, Manager, Executive and other employees in applying legal and ethical practices for our everyday work. The Code describes not only our standards of integrity but also some of the specific principles and areas of the laws that are most likely to affect us.

Certain situations may arise which are not covered in our Code of Business conduct. If you have any questions concerning the legality or propriety of an action, or the meaning of the Code, you should contact the Company's HR Department/Company Secretarial/Legal Department.

Compliance with the law and business ethics in our dealings with others should not to be sacrificed in the name of profits. Management does not and will not condone any such action. Our success will be attained through compliance with the law, fair dealings and integrity. We expect your whole hearted support in complying with these Company values and principles.



Chanaka Yatawara  
Group Chief Executive Officer/Executive Director  
**UNITED MOTORS LANKA PLC**

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# **UML GROUP**

## **CODE OF BUSINESS CONDUCT AND ETHICS**

### **Preamble**

United Motors Lanka PLC and its subsidiaries are committed to maintain the highest standards of ethical conduct. This Code of Business Conduct and Ethics (Code) reflects the business practices and principles of behaviour that support this commitment.

In accepting a position with UML or any of its subsidiaries, each of you become accountable for compliance with the law, with the UML Group Code of Business Conduct and Ethics ('the Code'), and with the policies and procedures of your respective business units.

We expect every employee to read and understand this Code and its application to the performance of his or her responsibilities.

The Executive Directors and the staff should read this Code in conjunction with the Employee Hand Book.

The standards of the Code are not necessarily prescribed by the regulators. These standards are in place and adhered by corporate entities on an on going basis. Being a listed entity/a member of the listed entity, we expect a high level of ethical conduct.

You must conduct your duties according to the language and spirit of this Code and seek to avoid even the appearance of improper behaviour. You should be aware that even well intentioned actions that violate the law or this Code may result in negative consequences for UML Group and for the individuals involved.

While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made, but rather set forth key guiding principles that represent UML Group's Policy.

## 1. Conflicts of Interest

“Conflicts of Interest” occurs when an individual’s private interest interferes (or even appears to interfere) in any way with the interests of the Company as a whole.

If you are aware of any circumstances which you think may give rise to a conflict of any kind, or if you become aware of information which places you in difficulty in carrying out your function (for example, if you obtain confidential information about a company) you must handle the same as per the conflict of interest policy applicable to the Group.

You would be expected to be sensitive to any activities, interests or relationships that might interfere with or even appear to interfere with, your ability to act in the best interests of UML Group and its customers.

A complete definition of what constitutes a conflict of interest is difficult. There are some situations, however, that will always be considered a prohibited conflict of interest. These situations occur when a Director or employee or any person having a close personal relationship with the Director or employee;

- Obtains a significant financial or other beneficial interest in one of the Company’s suppliers, customers or competitors.
- Engages in a significant personal business transaction involving the Company for profit or gain, unless such transaction has first been approved in writing by the Board/Chief Executive Officer or a person nominated.
- Accepts money, excessive hospitality, loans, guarantees of obligations or other special treatment from any supplier, customer or competitor of the Company (loans from lending institutions at prevailing interest rates are excluded);
- Learns of a business opportunity through association with the Company and discloses it to a third party or invests in or takes the opportunity personally without first offering it to the Company;
- Uses corporate property, information, or position for personal gain; or
- Competes with the Company’s/ Group’s business.

## **Conflicts of interest through outside business activities**

Due to potential conflicts with UML Group, all employees must obtain approval from the Board/CEO or an appropriate internal committee in case of other entities in UML Group before you accept a position in any Company/Organization or when you work with a professional Organization/Association outside UML Group.

- Working with professional organizations/associations does not typically create a conflict of interest where;
  - The work is related to the legitimate professional interest and development of the employee and does not interfere with the employee's regular duties;
  - Does not use official resources inappropriately (either physical resources or time);
  - Does not compete with the work of UML Group and is not otherwise contrary to the best interests of the Group.
  - Does not violate national, international or local law;
- It may however be mentioned that, while undertaking outside activities, you should not use UML Group name, facilities or relationships for personal benefit.
- Periodically the Company requires certain employees to certify to the Company that they have complied with all requirements of the Code of Business Conduct. Disclosure of a particular situation that may be a conflict of interest does not mean that the Company will consider it to be substantial enough to be prohibited. Each situation will be considered on an individual basis.

## **Conflicts of Interest – Do's and Don'ts**

### **DO's**

- Act in the best interests of UML Group and its customers and handle activities, interests or relationships in a sensible manner.
- Handle Conflicts of Interest as per applicable Conflicts of Interest Policy
- Submit periodical statement of Conflicts of Interest to the HR of your Company and update same whenever there are any changes.

## **Don'ts**

- Undertake outside activities that create conflicts of interest.

*Please refer **Conflict of Interest Policy** uploaded in the HR Intranet for further details.*

## **2. CORPORATE OPPORTUNITIES**

All employees are prohibited from;

- (a) Taking for themselves or companies with which they are affiliated, opportunities that are discovered through the use of Company property, Company information or their position.
- (b) Using the Company's property or information or position for personal gain;  
or
- (c) Competing with the Company for business opportunities.

You owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

## **Gifts**

The company policy is not to accept gifts above Rs.1,500.00 from any clients, suppliers and any other parties with whom the staff deal officially. Any gifts below Rs.1,500.00 will have to be declared to the Superior and notified to GCEO/ED's office immediately.

It is the Group policy to decline any offer for seasonal gifts (hampers), however, if the Hampers are delivered without any prior notification that has to be reported to GCEO/ED's Office with details.

The gifts from the foreign business partners will also have to be declared to GCEO/ED's Office.

*Please refer **Gift & Entertainment Policy** uploaded in the HR Intranet for further details.*

## **3. CONFIDENTIALITY**

- You must maintain the confidentiality of information entrusted to you by the Company and any other confidential information about the

Company that comes to you, from whatever source, in your capacity as a director/employee, except when disclosure is authorized or legally mandated.

- Proprietary and confidential information include any system, information or process that gives UML Group an opportunity to obtain an advantage over competitors; non-public information about UML Group businesses, its customers and its employees, any other non-public information received.
- Proprietary and confidential information about UML Group, a customer, supplier or distributor should not be disclosed to anyone (including other employees) not authorized to receive it or has no need to know the information, unless such disclosure is authorized by the customer or is required by law, appropriate legal process or appropriate internal authorities.
- Intellectual property of UML Group such as trade secrets, patents, trademarks and copyrights as well as business, research and new product plans, objectives and strategies, records, databases, salary and benefits data, employee medical information, customer, employee and suppliers lists and any unpublished financial or pricing information must also be protected.
- Unauthorized use or distribution of proprietary information violates the internal policies and could be illegal. Such use or distribution could result in negative consequences for both UML Group and the individuals involved, including potential legal and disciplinary actions.
- Acts of ignorance that could lead to such proprietary information, especially through electronics means – like CDs, floppy etc., may lead to investigation and probe against the employees.

## **DO's**

- Properly control access to your work areas and computers
- Ensure appropriate destruction of business related documents when not required for work anymore.
- Obtain any relevant information directly from the person concerned
- Protect the physical security of official information
- Access to information or data by outsourced will also be subjected to the relevant employee's accountability, in case such data is misused
- Limit access to information strictly to those with a legitimate business reason for seeking that information
- While accessing ERP and Internet, ensure compliance with internal policies and procedures.

## Don'ts

- Discuss sensitive matters or confidential information in public places
- Violate the IT Security Policy applicable to your Company
- Transfer official information into personal databases or carry hard copies of official information (otherwise than for official purposes) outside the office, without prior permission from your superior.
- Pass information, in any manner, directly or indirectly to any recruitment /search agencies or to competitor or any other organizations.

Declaration shall be obtained from all Senior Management/Executive Employees and Employees, who handle confidential information,

*Please refer [Employee Non-Disclosure Agreement](#) uploaded in the HR Intranet for further details*

## 4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS: FAIR DEALING

UML Group's Policy is to maintain an open and co-operative relationship with our Regulators and to comply with all applicable laws, rules and regulations.

Violation of the law must be avoided under any circumstances, especially violations that attract punishment of imprisonment, monetary penalties or fines. Notwithstanding the legal consequences of which violation, any employee found guilty will be additionally liable to disciplinary actions, initiated by the company for violating the code.

Particular care should be taken to act legally in those areas where the law is evolving rapidly or is being extended to cover activities that have not been covered by legal requirements in the past. When in doubt, the HR Department/Company Secretarial/Legal or Internal Audit Department should be consulted.

You are expected to deal fairly with the Company's customers, suppliers, competitors, officers, and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice. Inappropriate use of proprietary information, misuse of trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. The Senior Management must deal fairly and must oversee

fair dealing by employees and officers, with the Company's customers, suppliers, competitors and other employees.

Please refer **Anti-Bribery & Anti-Corruption Policy** uploaded in the HR Intranet for further details

## **Compliance – Do's and Don'ts**

### **Do's**

- Comply with all applicable laws, rules and regulations
- Contact with regulators through designated officials as per internal guidelines.
- Notify relevant officer immediately of any significant contacts made directly by a regulator.

### **Don'ts**

- Commit an illegal or unethical act, or instruct others to do so, for any reason.
- Commit such acts simply because you see someone else doing it or your supervisor not warning you.

## ***Use and Disclosure of "inside information"***

The laws of Sri Lanka and many other countries regulate the use and disclosure of inside information concerning the Company. This information is "inside information" if it has not been publicly disclosed.

We prohibit disclosure of material inside information to anyone other than persons within the Company whose positions require them to know such information.

Our Group policy prohibits trading in the securities of the Company by any employee while in the possession of material inside information. If an employee or agent has inside information he or she must wait until end of business on the third market day after the information has been properly disclosed to the public before trading in the securities of the Company. Company policy also prohibits providing inside information to other persons or recommending that they buy or sell the Company's securities on the basis of inside information. More restrictive rules apply to certain key employees, officers and Directors.

A Director, employee or agent shall not trade in the securities of another company if, in the course of his or her employment or position with the

Company, he or she learns confidential information about such other company that is likely to affect the price of such securities.

Company Directors, employees and agents are discouraged from short term speculation in the securities of the Company.

Please refer [Share Trading Policy](#) uploaded in the HR Intranet for further details.

## **5. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOUR**

(a) UML Group encourages employees to report to their supervisor/ HR/ Internal Audit, concerns and suspected violations of the code, internal policies, external legal and regulatory requirements etc. You may choose to remain anonymous if you wish. All significant breaches should be escalated immediately.

(b) We encourage UML Group employees to talk to Supervisors, Managers and other appropriate personnel when in doubt about the next course of action in a particular situation.

(c) UML will conduct prompt and thorough investigations of alleged violation and take appropriate corrective action.

(d) The Company will not allow retaliation for reports made in good faith.

(e) Appropriate action will be taken against individuals who have broken laws, rules and regulations. An employee who knowingly violates the internal policies and guidelines shall be subject to disciplinary action.

### **Investigations**

You are required to cooperate fully with authorised internal and external investigations. Making false (or misleading) statements to Regulators / Auditors /UML Group representatives during investigations can be a criminal act that can result in heavy penalties.

### **Do's and Don'ts**

#### **Do's**

- Report to your supervisor/HR/Internal Audit, the concerns and suspected violations of the Code, internal policies, external legal and regulatory requirements etc.

## **Don'ts**

- Knowingly withhold information that raises ethical questions and not to bring such issues to the attention of Senior Management or ensure reporting as per the applicable whistle blowing policy.
- Destroy records that are potentially relevant to a violation of law or any litigation or any pending, threatened or foreseeable government investigation or proceeding.

Please refer **Whistle Blowing Policy** uploaded in the HR Intranet for further details.

## **Special Responsibilities of Superiors and Managers**

In addition to responsibilities as employees, Supervisors and Managers must abide by the;

- Duty of selection – Carefully select the employees for a job in light of their personal and professional qualifications. The duty of care increases with the importance of the obligation to be entrusted to the employee.
- Duty of instruction – Formulate obligations in a precise, complete, and binding manner, especially with a view to ensure compliance with provisions of instructions.
- Duty of monitoring – Ensure that compliance with provisions of applicable laws/ regulations is monitored on a constant basis.
- Duty of Communication – Communicate to the employees that any violation of the applicable laws/regulations are disapproved of and would have disciplinary implications.

## **Special responsibilities – Do's and Don'ts**

### **Do's**

- Strive to create and sustain an environment that promotes ethical behaviour.
- Assist your staff to understand and apply the internal policies and procedures.
- Encourage and practice whistle blowing, so as to avoid any doubts later that an offence was being committed with your knowledge, which could be construed as connivance by the employee.

### **Don't**

Issues directives to violate the terms of internal policies /procedures.

## **6. PROTECTION AND PROPER USE OF COMPANY ASSETS**

It is the responsibility of every member to protect UML Group's assets against loss, theft or other misuse. You are expected to exercise your business judgment in a manner that protects the Company's assets and promotes their efficient use. Loss, theft and misuse of Company assets directly impact our profitability. All Company assets should be used for legitimate business purposes. Any suspected loss, misuse or theft should be reported to your Superior or the HR Department.

### **Do's and Don'ts.**

#### **Do**

- Use UML Group assets (physical and intellectual) only for official purposes.
- Report any misuse by any employee or outsourced agents of UML Group that comes to your notice.

#### **Don't**

- Copy, sell, use or distribute information, software and or other forms of intellectual property in violation of licenses.
- Misappropriate UML Group assets - it is a breach of your duty and may constitute an act of fraud against UML Group.
- Use official resources in another business in which you, a friend or family member is involved.
- Use official stationery supplies, and equipment for personal or political matters.

## **7. ACCOUNTING COMPLAINTS**

The Audit Committees of the Boards of Directors are responsible for establishing procedures for identification, assess the consequences and impact and to decide on corrective action of complaints regarding accounting, internal accounting controls, or auditing matters. Directors/Employees who have concerns or complaints regarding such matters are expected to promptly submit those concerns to the Audit Committee or any other appropriate committees/Head of Internal Audit.

## **8. PUBLIC COMPANY REPORTING**

As a public company, it is of critical importance that that UML's filings with the Securities and Exchange Commission/Colombo Stock Exchange and/or any other institutions be full, fair, accurate, timely, and understandable. Directors and Senior Management may be asked to provide information necessary to assure that the Companies' public reports meet these requirements. The Company expects the Senior Management to take this responsibility and to provide prompt and accurate information for inquiries related to the Company's public disclosure requirements.

## **9. COMPLIANCE WITH THE CODE**

UML Group recognises the need for this Code to be applied equally to everyone it covers. All employees, officers and Directors are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action such as dismissal or removal from office.

UML Group encourages all employees, officers and Directors to report any suspected violations. UML Group will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees, officers and Directors without fear of retribution or retaliation is vital to the successful implementation of this Code. You are required to cooperate in internal investigations of misconduct and unethical behaviour.

## **10. AMENDMENTS, MODIFICATIONS & WAIVER OF CODE OF BUSINESS CONDUCT AND ETHICS**

This Code may be amended or modified by the respective Company Board of Directors and with the concurrence of the main Board subject to the disclosure and other provisions of the Colombo Stock Exchange, Securities Exchange Commission Acts, Companies Act No 07 of 2007 and Code of Best Practices on Corporate Governance and the Company Policies.

Any waivers of the provisions in this Code for Executive Officers or Directors may only be granted by the Board of Directors and will be promptly disclosed in the Annual Report.

**Declaration to be returned to HR Department**

I hereby confirm that I have read and understood the Code of Business Conduct and Ethics for United Motors Group.

This would benefit both myself and the company. I am also aware that non-compliance of the above, would result in the company taking disciplinary action.

Name of employee .....

Employee No. ....

Designation .....

Name of Company .....

.....

Signature

.....

Date

***Note: Please return this page to Human Resources Department***