
Sustainability Management System

Anti-Bribery & Anti- Corruption Policy

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Anti-Bribery & Anti-Corruption Policy

Introduction

At PeoplesHR, we are committed to maintaining the highest ethical standards in all aspects of our business operations. We recognize that bribery and corruption undermine trust, distort fair business practices, and can lead to legal consequences that harm our reputation and relationships with stakeholders.

This Anti-Bribery & Anti-Corruption (ABAC) Policy is designed to ensure that all employees, contractors, and third-party associates of PeoplesHR understand and comply with our zero-tolerance approach toward bribery and corruption. It outlines the company's expectations regarding anti-bribery & anti-corruption practices and provides clear guidelines on how to identify and prevent bribery in any form, whether direct or indirect, during business transactions.

Through this policy, we aim to foster a culture of transparency, integrity, and accountability. Our commitment extends to complying with all relevant anti-bribery & anti-corruption laws and regulations in the jurisdictions where we operate. By adhering to these principles, PeoplesHR continues to maintain its reputation as a trusted and responsible business partner.

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Legal Enforcement - PeoplesHR is committed to complying with all relevant laws and regulations in Sri Lanka, including the Bribery Act No.08 of 1973 (as amended), Anti-Corruption Act, No. 09 of 2023, the Prevention of Money Laundering Act No.05 of 2006, the Public Contracts Act, and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). In the event of serious misconduct, the company will report certain incidents to the relevant Sri Lankan regulatory bodies, such as the Securities and Exchange Commission and the Central Bank of Sri Lanka, as required by law, ensuring full compliance with local regulatory requirements

Definitions

“Anti-Bribery & Anti-Corruption (ABAC) Policy” mean A set of rules and procedures designed to prevent bribery and corruption within an organization.

“Anti-Bribery & Anti-Corruption Committee” means A designated group within PeoplesHR responsible for monitoring compliance with anti-bribery & anti-corruption laws and company policies.

“Bribery” means the offering, giving, receiving, or soliciting of something of value as an inducement to influence the actions of an individual or organization in a position of power.

“Code of Best Practice on Corporate Governance” means A framework issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) to promote ethical business conduct and accountability.

“Commercial Partners” mean External entities or individuals that engage in business transactions with PeoplesHR, such as suppliers, vendors, and clients.

“Compliance Team” means the group within PeoplesHR responsible for ensuring that all employees and third parties adhere to anti-bribery & anti-corruption laws and company policies.

“Conflict of Interest” means A situation where an individual's personal interests may interfere with their professional obligations, leading to biased decision-making.

“Contractors and Consultants” mean External parties hired by PeoplesHR to provide professional services, who must comply with the company's ABAC policies.

“Due Diligence” mean A thorough investigation of a third party's business practices to ensure compliance with anti-bribery & anti-corruption regulations before engaging in any contractual agreements.

“EU Directive on the Criminalization of Bribery” means An EU framework that mandates the criminalization of bribery in both public and private sectors, ensuring strict penalties and alignment with international anti-corruption standards.

“Foreign Corrupt Practices Act (FCPA)” means A U.S. law that prohibits bribery of foreign government officials to obtain or retain business.

“Gifts, Travel, and Entertainment” mean Non-monetary items or benefits provided in a business setting, which must comply with ethical guidelines and financial limits set by the company.

“Government Official” means Any person holding a public office, including politicians, judges, state employees, and members of government-controlled entities, who are subject to strict anti-bribery & anti-corruption regulations.

“Legal Enforcement” means the process by which PeoplesHR ensures compliance with local and international anti-bribery & anti-corruption laws, such as the Bribery Act No. 8 of 1973 and the Anti-Corruption Act No. 9 of 2023.

“Money Laundering” means the process of disguising illegal financial transactions to make them appear legitimate, which is prohibited under the Prevention of Money Laundering Act No.05 of 2006.

“OECD (Organisation for Economic Co-operation and Development)” means An international organization founded in 1961 that promotes economic growth, international trade, and policy coordination among its 38 member countries. The OECD also develops global standards on anti-bribery, corporate governance, and regulatory best practices

“Penalties” mean Legal and internal disciplinary consequences for violating anti-bribery laws, which can include termination of employment, fines, and imprisonment.

“PeoplesHR Vendor Code of Conduct” means A set of guidelines that all third-party vendors must follow to ensure ethical business practices and compliance with anti-bribery & anti-corruption regulations.

“Public Contracts Act No.03 of 1987” means Sri Lankan legislation that governs the integrity of contracts involving public sector transactions, ensuring fairness and transparency.

“Quid Pro Quo” means A Latin term meaning "something for something," referring to an unethical exchange where a benefit is given with the expectation of receiving a favor in return.

“Red Flags” mean Warning signs that indicate potential bribery or corruption, such as unusual payment requests, high commissions, or a refusal to comply with compliance checks.

“Regulatory Bodies” mean Organizations such as the Securities and Exchange Commission and the Central Bank of Sri Lanka that oversee enforcement of anti-bribery laws.

“Third-Party Associates” mean Individuals or entities that engage in business activities with PeoplesHR, including agents, distributors, and representatives, who must comply with anti-bribery policies.

“Transparency” means the principle of conducting business in an open and honest manner, ensuring that all transactions and decisions comply with ethical and legal standards.

“United Nations Convention against Corruption (UNCAC)” means A global treaty adopted in 2003 to combat corruption through legal frameworks for bribery criminalization, international cooperation, and asset recovery.

1. Purpose, Scope, and Users

1.1 Purpose. The purpose of this ABAC Policy is to demonstrate PeoplesHR's commitment to preventing bribery and corruption in all its forms. The policy aims to establish a clear framework to ensure that all employees, contractors, and partners act with integrity and in compliance with applicable laws, upholding the company's ethical standards. This policy is designed to protect the company, its employees, and stakeholders from the risks associated with bribery & corruption, while fostering a culture of transparency and accountability.

1.2 Scope. This policy applies to all employees, officers, directors, contractors, agents, and third-party associates of PeoplesHR, across all regions and business activities in which the company operates. It covers:

- All types of bribery, including both offering and accepting bribes, whether direct or indirect.
- Any financial or non-financial incentives intended to influence decision-making or gain an unfair advantage.
- Business dealings with customers, suppliers, government officials, and other third parties.
- Interaction with any public or private sector entities, individuals, or organizations that could be involved in bribery and/or corruption.

1.3 This policy applies to following groups;

1.3.1 Employees. All staff members of PeoplesHR, including permanent, temporary, and part-time employees.

1.3.2 Management and Executives. Senior management and decision-makers who are responsible for implementing this policy within their respective departments.

1.3.3 Contractors and Consultants. External parties working on behalf of PeoplesHR who may have business dealings or influence over business operations.

1.3.4 Suppliers and Business Partners. Third-party organizations or individuals that provide goods, services, or any other form of support to peoplesHR.

1.3.5 Third-Party Associates. Any other parties who may be engaged in business activities with PeoplesHR, including agents, distributors, and representatives.

1.4 Penalties. Violations of anti-bribery & anti-corruption laws or this ABAC Policy by any PeoplesHR associate, including employees, contractors, or agents, will result in progressive disciplinary action. This can include, but is not limited to, termination of employment or the termination of any contract with a third-party agent, depending on the severity of the violation.

In addition to internal disciplinary actions, individuals found guilty of bribery & corruption can face severe legal penalties. Under the Sri Lankan Penal Code and the Bribery Act, bribery and corruption-related offenses can carry criminal penalties, including imprisonment and significant fines. Specifically, individuals can face imprisonment of up to **10 years** and may be subject to a fine of up to **LKR 100,000** (Sri Lankan Rupees) or more, depending on the circumstances of the offense.

In the case of foreign entities or transactions involving international laws and standards, such as the **Foreign Corrupt Practices Act (FCPA) of USA, OECD Convention on Combating Bribery of Foreign Public Officials (1997), The UK Bribery Act (2010), EU Directive on the Criminalization of Bribery and United Nations Convention against Corruption (UNCAC)**. penalties may include imprisonment of up to **5 years** for each violation, fines up to **USD 250,000** for individuals, and **unlimited fines** for companies, in addition to the possible forfeiture of assets. PeoplesHR will fully cooperate with law enforcement authorities to investigate and prosecute any violations of anti-bribery & anti-corruption laws.

It is important to note that any fines arising from violations of these laws will not be reimbursed by PeoplesHR and will be borne by the individuals responsible, potentially from their personal assets.

1.5 Gifts, Travel, Entertainment, and Other Expense

Government Officials

This policy prohibits the offering, authorizing, or making of prohibited payments to any person, with special caution required when dealing with government officials.

PeoplesHR permits the provision of modest gifts (such as company-branded pens, notebooks, or similar items) to government officials, provided that:

- The value of such gifts does not exceed **LKR 5,000** per item;
- Only one such item may be given per calendar year to any single government official;
- The gift complies with all applicable written laws of the country in which it is provided; and
- The associate presenting the gift reports it immediately in writing to the PeoplesHR Compliance Team.

PeoplesHR also permits the provision of reasonable travel expenses, meals, and entertainment related to official activities, such as product demonstrations, training, or business meetings. However, these must be:

- Not excessive or extravagant;
- In compliance with applicable local laws, customs, and the laws of Sri Lanka;
- Approved in advance by the relevant business unit head or CFO.

It will never be acceptable to offer, authorize, or give any gift or incur any expense in expectation of receiving something in return or in a manner that could be perceived as a **quid pro quo**.

Government Officials Definition

In the context of this policy, government officials are broadly defined, including, but not limited to:

- Officers or employees of any government, governmental agency, or public international organization;
- Candidates for political office;
- Members of a legislative body, judiciary, or their staff;
- Employees of state-owned enterprises or public institutions such as universities and hospitals;
- Political party officials.

Commercial Partners

PeoplesHR permits the exchange of gifts of no more than **LKR 10,000** in the normal course of business, including occasional travel, meals, or entertainment. Gifts exceeding this amount require prior written approval from the business unit head and the Anti-Bribery & Anti- Corruption Committee.

Expenditures related to travel, meals, or entertainment must always be:

- Reasonable and proportionate to the business relationship;
- In line with local customs and applicable laws;
- Not intended to create an obligation or expectation of receiving a business advantage in return (i.e. no **quid pro quo**).

Any expenditure exceeding **LKR 50,000** per recipient must be approved in writing by the business unit CFO and the Anti-Bribery & Anti-Corruption Committee.

2. Third Parties' Compliance with PeoplesHR's Anti-Bribery Policy

PeoplesHR maintains strict oversight over its agents, contractors, and business partners to ensure their adherence to this ABAC Policy. We may be held accountable for the actions of any third-party conducting business on behalf of PeoplesHR, whether locally or internationally. Therefore, it is essential to conduct thorough due diligence on third parties to ensure their commitment to ethical business practices, and that they operate consistently with this Policy and the PeoplesHR Vendor Code of Conduct.

Before engaging with any third party to represent PeoplesHR in any market, proper due diligence should be conducted. If the third party interacts with government officials on behalf of PeoplesHR, additional scrutiny is required, and contracts should include anti-bribery clauses to ensure compliance with Sri Lankan law and international anti-bribery & anti-corruption standards.

3. Red Flags

Certain situations may indicate a potential violation of anti-bribery & anti-corruption laws or PeoplesHR's Code of Conduct and must be reported immediately. These include, but are not limited to:

- Requests or demands for bribes or improper payments;
- Requests to make payments on behalf of a third party to someone else;
- A person requesting donations or favors in exchange for business advantages;
- A request for employment or internships tied to business dealings;
- A person with a known reputation for giving or accepting improper payments;
- A demand for unusual or excessive payments, including up-front payments or payments to foreign bank accounts;
- Requests for agents or representatives with little or no expertise or experience in the area where they are expected to represent PeoplesHR;
- A third party requesting an unusually high commission or a refusal to provide written assurances of compliance with anti-bribery & anti-corruption laws.

In case of any suspicion or encounter with these red flags, associates must report the incident to the Anti-Bribery & Anti-Corruption Committee, and immediate corrective action will be taken.

