



GOVERNANCE AND RISK MANAGEMENT

AN INSTITUTION OF TRUST

EMPOWERING THE FUTURE

Built on a longstanding commitment to transparency and strategic oversight, we ensure our governance frameworks are continuously evolving to meet emerging risks and global standards.



Corporate Governance

CHAIRPERSON'S STATEMENT ON GOVERNANCE

Dear Stakeholders,

As I transitioned into the role of Chairperson, the depth and readiness of the organisation's governance framework rewarded my confidence in a smooth commencement of responsibilities. Fit-for-purpose structures, a comprehensive framework of policies, and established processes work in harmony to ensure business continuity. Additionally, our plans had been discussed, approved, and the wheels set in motion to drive the planned strategic changes, in line with the long-term vision of the Group. Arguably, this smooth transition in the Executive Chairperson's role is the strongest testimony to the effectiveness of Aitken Spence PLC's corporate governance framework.

This year, we welcomed four new directors to the Board; Mr. M. R. Mihular, Dr. R. A. Fernando, Mr. Peter Englisch, and Mr. C. J. Sevilla. Board balance was strengthened by these appointments as they all serve in the capacity of Independent Directors. Accordingly, the Board comprises 12 directors, of whom 3 are executive, 5 are non-executive, and 4 are independent, non-executive directors. Furthermore, Mr. M. R. Mihular was appointed as the Senior Independent Director, balancing a potential concentration of power within the Board. The Group's ability to attract professionals of such calibre is a key strength, as they are well known for their integrity and exercise of independent judgement, as well as their foresight and financial acumen.

The Group-aligned structures and processes are, in addition, prepared for mandatory compliance with IFRS Sustainability Standards in the year already commenced. As an early champion of sustainability, the Group has articulated governance structures, strategies and processes for making our business models more sustainable. We have adopted a data driven approach to drive our sustainability agenda, as the availability of non-financial

information has supported better decision making. The availability of comprehensive data to create a solid base line, along with other necessary information, has enabled us to move forward with confidence in setting Science Based Targets for the Group to reach net zero by 2030. The Board has approved the plan for reducing emissions, put forward by the Sustainability Team, and has submitted it to the Science Based Targets Initiative (SBTi) for validation. This marks a key milestone in the Group's sustainability journey, as it joins a global pool of sustainability champions who have publicly committed to achieving their targets and will be monitored by SBTi in the years ahead.

The Group's digital transformation continues to gather momentum, providing deeper insights and delivering efficiencies in processing, resource use, and scalability. Accordingly, we have strengthened the Group's IT governance, as we stepped up investments in IT. This includes strengthening our cybersecurity to ensure data privacy, in readiness for the enactment of the Personal Data Protection Act, which is expected to come into force in 2025.

Risk Management continues to underpin organisational resilience, becoming more analytical and sharpening its future-targeted orientation, looking beyond the present and the short term to the medium and long term.

In my years as an Executive Director, I have been able to observe and appreciate the Aitken Spence Group's culture, which is the thread that links the generations of Spensonians together. A strong understanding of ethics and values, combined with a manifest commitment to regulations and standards of conduct, prevail throughout the organisation, supported and reinforced by trusted leaders in every sector.

As Sri Lankans, we are well aware of the need for strong corporate governance and pro-growth policies, which support shared prosperity. As we continue to consolidate the country's economic recovery, the Board of Aitken Spence is as committed to upholding high standards of corporate governance as it is to driving strategic growth and building resilience. This has been our formula for sustainable success and will continue to be the line in the sand for the Group.

Ms. D. S. T. Jayawardena
Executive Chairperson

12th June 2025
Colombo



Corporate Governance

HIGHLIGHTS 2024/2025

Shareholders

- The 72nd Annual General Meeting was held on 06th August 2024.
- Payment of Rs. 1.73 billion as a First and Final Dividend for the financial year ended 31st March 2024.
- An Extraordinary General Meeting was held on 19th December 2024 for the amendment to the Articles of Association.

Leadership Appointments to the Board

- Pursuant to the untimely demise of Deshamanya D.H.S. Jayawardena, Ms. D.S.T. Jayawardena was appointed as the Executive Chairperson of the Board w.e.f. 06th February 2025.
- Mr. M.R. Mihular was appointed as the Senior Independent Director w.e.f. 06th February 2025 in compliance with Rule 9.6.3 of the Listing Rules.

Changes to the Board

- Resignation of Mr. M.A.N.S. Perera, Non-Executive Director w.e.f. 25th November 2024.
- Resignation of Mr. C.H. Gomez, Independent Non-Executive Director w.e.f. 30th December 2024.
- Appointment of Mr. M.R. Mihular, Independent Non-Executive Director w.e.f. 02nd December 2024.
- Appointment of Dr. R.A. Fernando and Messrs. P. Englisch and C.J. Sevilla as Independent Non-Executive Directors w.e.f. 30th December 2024.
- Messrs. J.M.S. Brito, R.N. Asirwatham and N.J. de S. Deva Aditya were redesignated as Non-Independent Non-Executive Directors w.e.f. 01st January 2025.
- Appointment of Mr. C. H. Gomez as a Non-Independent Non-Executive Director w.e.f. 01st April 2025.

Changes to the Subcommittees

- The 4 Board Subcommittees were reconstituted following the appointments of the new Directors and in compliance with the Listing Rules w.e.f. 30th December 2024.
- Appointment of Mr. C.R. Jansz as a Member of the Nominations and Governance Committee and Remuneration Committee w.e.f. 28th March 2025.

Governance Framework

- Alignment of structures and processes for adoption of SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures of Sustainability Disclosure Standards.





Corporate Governance

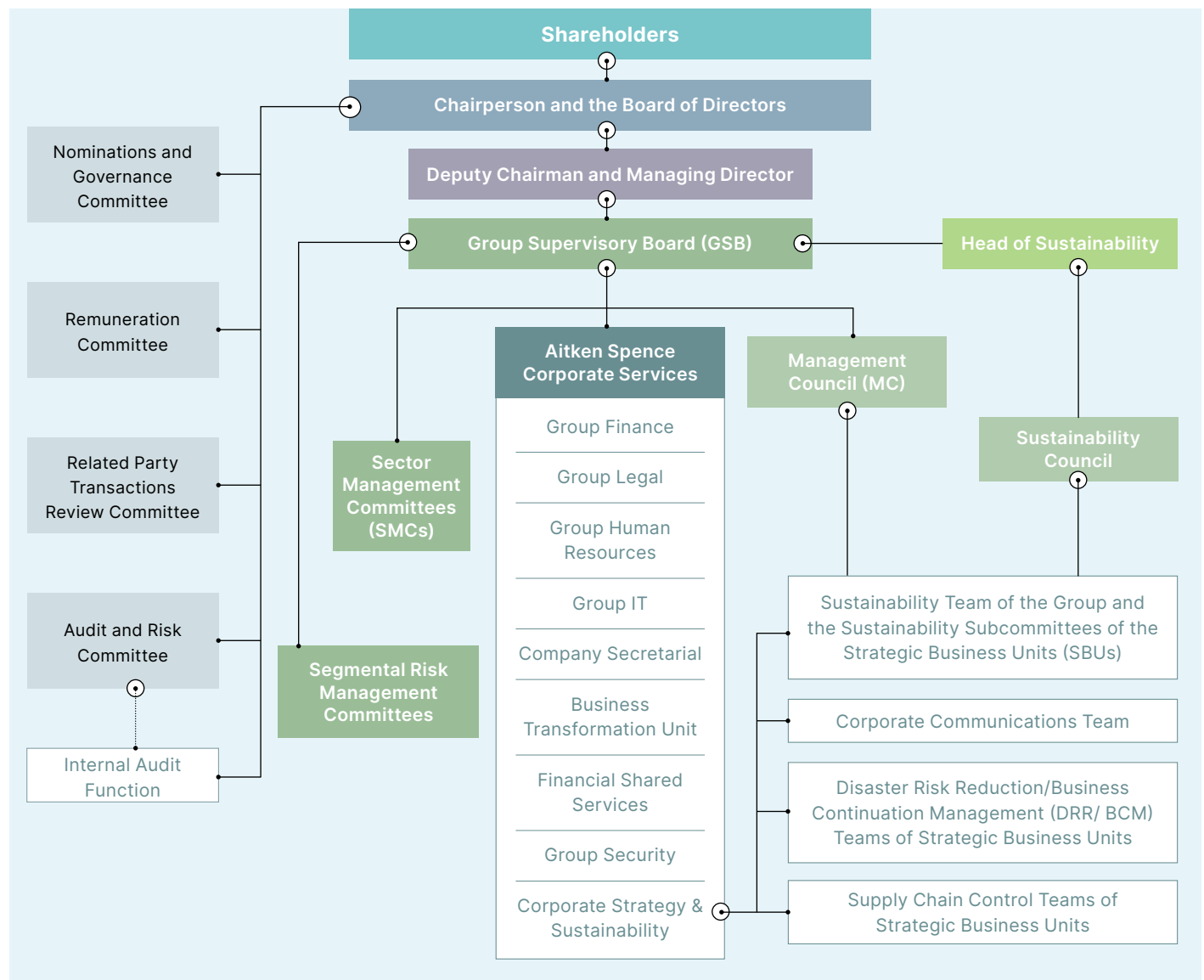
GOVERNANCE FRAMEWORK (GRI 3-3)

Corporate governance is crucial for ensuring transparency, accountability and ethical conduct within an organisation. It establishes a framework for decision-making, helping to align the interests of stakeholders including shareholders, management and employees. Strong governance practices reduce the risk of fraud, improve business performance and enhance trust with investors, customers and the public. Effective corporate governance is essential for long-term sustainability and fostering resilience in a constantly changing business environment.

Governance Structure (GRI 2-9)

The Aitken Spence Group is focused on the continuous improvement of our risk management processes and broadening the scope of our governance and reporting systems. This commitment to enhancing our risk management processes and expanding the scope of our governance and reporting systems reinforces Aitken Spence Group's commitment to maintaining a strong foundation of trust, accountability and performance. Over the past 156 years, we have consistently adapted to the evolving business landscape, ensuring that our operations remain resilient, efficient and aligned with the highest standards of corporate governance. By continually refining our practices, we not only safeguard our long-term success but also build on our rich legacy of sustainable growth, positioning ourselves for continued progress and innovation in the years to come.

The Governance structure of the Group is set out below:





Corporate Governance

OUR APPROACH TO GOVERNANCE

Legal and Compliance Framework (GRI 2-23, 2-27)

The Aitken Spence Group complies with all mandatory legal requirements and adheres to voluntary best practices and upholds its own internal compliance standards to ensure a comprehensive approach to governance. There were no significant fines for non-compliance with laws and regulations during the year.

A synopsis of such compliance adopted by the Company for better governance is given below:

MANDATORY COMPLIANCE

- Companies Act No. 7 of 2007 and the amendments thereto
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 (SLFRs/ LKASs)
- Listing Rules of the Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and the amendments thereto
- Inland Revenue Act No. 24 of 2017 and the amendments thereto
- Foreign Exchange Act No. 12 of 2017 and the amendments thereto
- The Anti-Money Laundering Laws and Regulations and Financial Transaction Reporting Act No. 6 of 2006 and the amendments thereto
- Industrial laws
- Personal Data Protection Act. No. 9 of 2022
- Anti-Corruption Act, No. 9 of 2023
- Port City Commission Act No. 11 of 2021

Refer Table 3 of the Corporate Governance Report for the Statement of Compliance with Section 9 of the Listing Rules



VOLUNTARY ADHERENCE

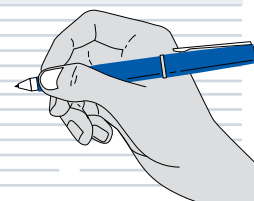
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2023
- Codes of regulatory authorities, professional institutions and Trade Associations
- United Nations Global Compact (UNGC)
- Global Reporting Initiative's (GRI) Universal Standards 2021
- SLFRS Sustainability Disclosure Standards S1 and S2
- Integrated Reporting Framework
- Women's Empowerment Principles
- Social and Environmental Certification Requirements
- UN Guiding Principles on Business and Human Rights

Scan this QR Code to see Company's compliance levels with the Code of Best Practice on Corporate Governance 2023.



INTERNAL FRAMEWORK

- Articles of Association
- Group Code of Ethics and Professional Conduct
- Board approved Terms of Reference of Board and Board Subcommittee
- Board approved policy frameworks for governance, risk, compliance and operational areas

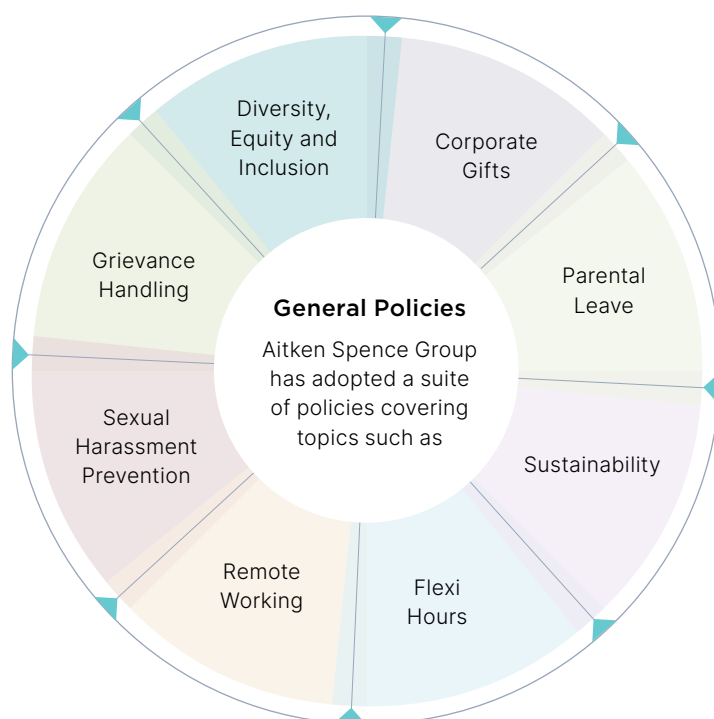




Corporate Governance

GOVERNANCE POLICIES OF AITKEN SPENCE GROUP (GRI 2-23, 2-24)

The Board has endorsed a comprehensive policy framework and codes to ensure adherence to both regulatory mandates and voluntary standards. The policies are reviewed periodically as required and updated, amended, altered and/or removed as deemed appropriate. All policies are approved by the Board and are available on the intranet for information of all employees. This is further reinforced at all levels through training and structured communication.



Read more on the above policies adopted by the Group in the Human Capital report on pages 285 to 302 of this Annual Report

Group Anti-Bribery and Anti-Corruption Policy

(GRI 205-1, 205-2, 205-3)

Introduced in 2022/23, the Group's Anti-Bribery and Anti-Corruption Policy articulates key principles aimed at eradicating bribery and corruption. With an unwavering commitment, the Company stands firm against all forms of bribery and corruption, recognising them as significant threats to its integrity and reputation.

During the reporting period, there were no incidents of corruption reported.



Scan the QR code to read our Anti -Bribery and Anti-Corruption policy published on our website www.aitkenspence.com

Aitken Spence Group operates in accordance with ethical guidelines and maintains a culture of integrity throughout its operations. The Group does not condone any form of bribery and/or corruption. The Group practices a zero-tolerance approach towards bribery and corruption in all its transactions. Further, the Group expects all employees, stakeholders and other third parties providing services to or on behalf of the Aitken Spence Group to refrain from engaging in any form of corruption.

Aitken Spence PLC
Group Anti-Bribery and Anti-Corruption Policy

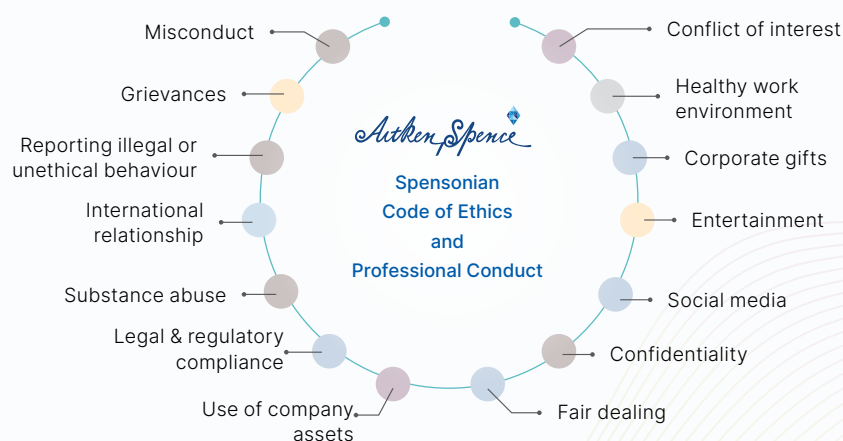


Corporate Governance

Group Code of Ethics and Professional Conduct (GRI 205-2)

The Group prioritises integrity, professionalism and respect for stakeholders' rights. All employees and Directors adhere to the Group Code of Ethics and Professional Conduct, which upholds corporate values and a reputation for integrity and fair dealing.

The Code is accessible on the intranet and reinforced through training and communication. Employees are given access to review it on the online learning platform "TARTAN." The Board is unaware of any significant violations of the Code by Directors or employees.



Governance Policies

The following policies were formulated in compliance with Rule 9.2.1 of the Listing Rules of the Colombo Stock Exchange:

- Policy on the matters relating to the Board of Directors.
- Policy on Board Committees.
- Policy on Corporate Governance, Nominations and Re-election.
- Policy on Remuneration.
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in listed securities.
- Policy in Risk Management and internal controls.
- Policy on Relations with Shareholders and Investors.
- Policy on Corporate Disclosures
- Policy on Control and Management of Company Assets and Shareholder Investments.

The above policies are subject to periodic review by the Board of Directors.

Sustainability Policy

The Board has implemented a comprehensive Integrated Sustainability Policy designed to cultivate a meaningful understanding and effective management of the organisation's environmental, social and governance (ESG) impacts. This policy is supported by a structured implementation framework and is overseen by an Executive Director. The Executive Director provides regular updates to the Group Supervisory Board (GSB), ensuring that progress aligns with the Group's sustainability objectives and goals.

For more details, please refer 'Managing Our Impacts' on pages 121 to 123 of this Annual Report.

Group Whistleblowing Policy (GRI 2-26)

The Group has put in place a Whistleblowing Policy to report, investigate and address any concerns in employee behaviour that are illegal in the workplace. This policy encourages employees to promptly report any suspected illegal activities, assuring confidentiality and investigation by an independent custodian appointed by the Management. It ensures that whistleblowers are treated with utmost confidentiality and fosters two-way communication for necessary follow-up on raised concerns.



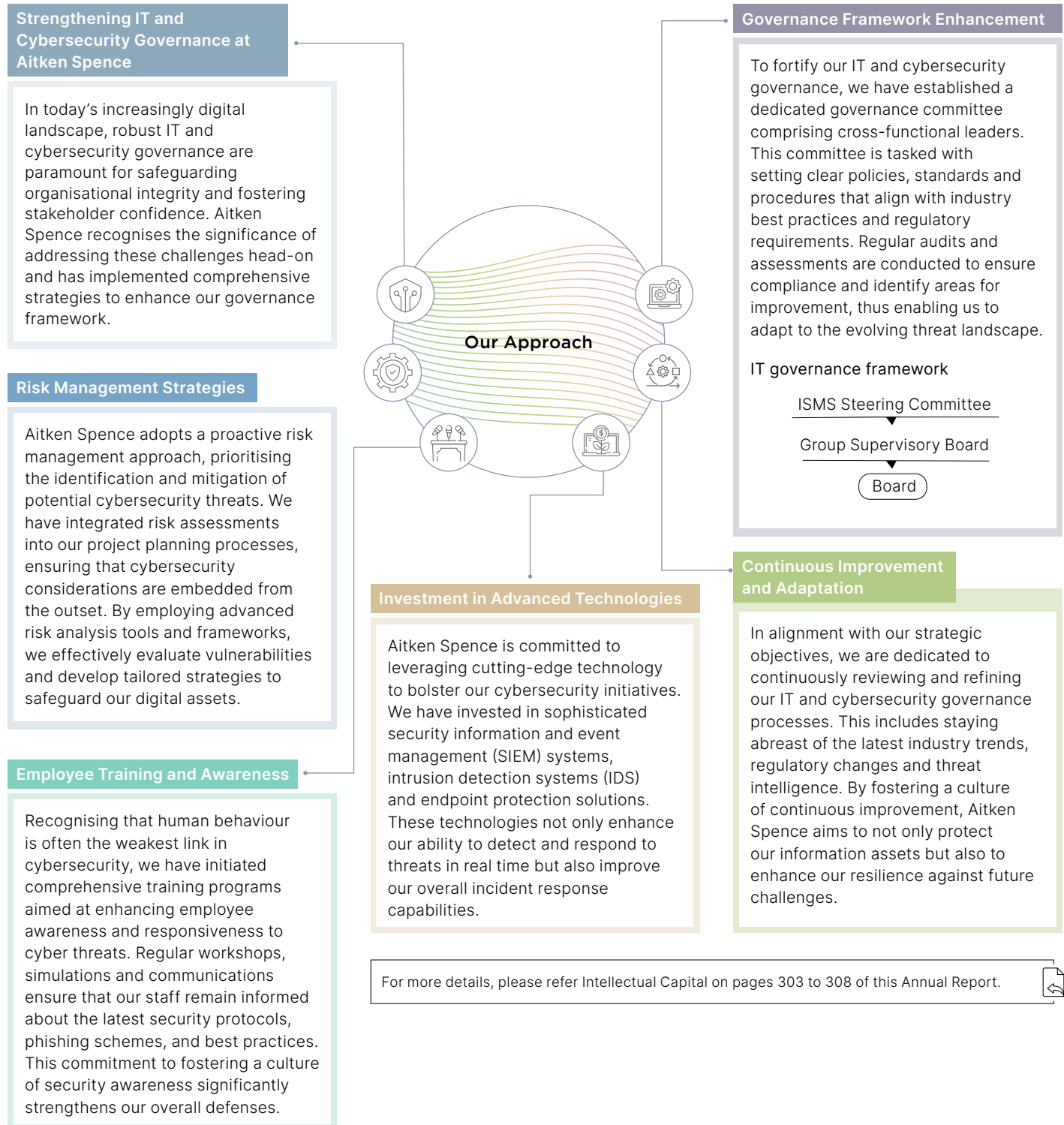
Scan the QR code to read our Whistleblowing Policy published on our website www.aitkenspence.com



Corporate Governance

IT GOVERNANCE AND CYBERSECURITY (GRI 418)

The Group's ongoing commitment to strengthening IT and cybersecurity governance is essential in maintaining trust with our stakeholders, ensuring operational continuity and protecting our reputation. As we move forward, we remain dedicated to creating a secure digital environment that supports innovation and growth while safeguarding the interests of our customers, employees and partners.





Corporate Governance

THE BOARD

The Directors who held office as at the end of the year are given below and their profiles are set out on pages 80 to 87:

Board of Directors	DoA to the Board	Directorship Status	Board Sub-Committee Membership			
			AC	RPTRC	RC	NGC
Ms. D.S.T. Jayawardena Chairperson (Appointed as the Chairperson w.e.f 06th February 2025)	01/12/2013	ED	BI	BI	BI	BI
Dr. M.P. Dissanayake Deputy Chairman & Managing Director	15/03/2019	ED	BI	BI	BI	BI
Dr. R.M. Fernando	01/04/2005	ED	-	-	-	-
Mr. J.M.S. Brito (Redesignated as a Non-Independent Non-Executive Director w.e.f. 01st January 2025)	01/04/2000	NED	M	M	M	M
Mr. R.N. Asirwatham (Redesignated as a Non-Independent Non-Executive Director w.e.f. 01st January 2025)	01/09/2009	NED	M	M	-	-
Mr. N.J. de S. Deva Aditya (Redesignated as a Non-Independent Non-Executive Director w.e.f. 01st January 2025)	15/09/2006	NED	-	-	-	-
Mr. C.R. Jansz	14/02/2023	NED	-	-	M	M
Mr. M.R. Mihular	02/12/2024	INED/SID	C	C	-	-
Dr. R.A. Fernando	30/12/2024	INED	M	M	M	M
Mr. P. Englisch	30/12/2024	INED	M	M	C	C
Mr. C.J. Sevilla	30/12/2024	INED	M	M	M	M
Mr. C.H. Gomez (Resigned w.e.f. 30th December 2024 and appointed w.e.f. 01st April 2025)	01/04/2025	NED	-	-	-	-
Deshamanya D.H.S. Jayawardena (Demised on 03rd February 2025)		-	-	-	-	-
Mr. M.A.N.S. Perera (Resigned w.e.f. 25th November 2024)		-	-	-	-	-

DoA - Date of Appointment ED - Executive Director SID - Senior Independent Director

NED - Non-Independent Non-Executive Director INED - Independent Non-Executive Director

AC - Audit and Risk Committee RPTRC - Related Party Transactions Review Committee

RC - Remuneration Committee NGC - Nominations and Governance Committee

C - Chairman M - Member BI - By Invitation

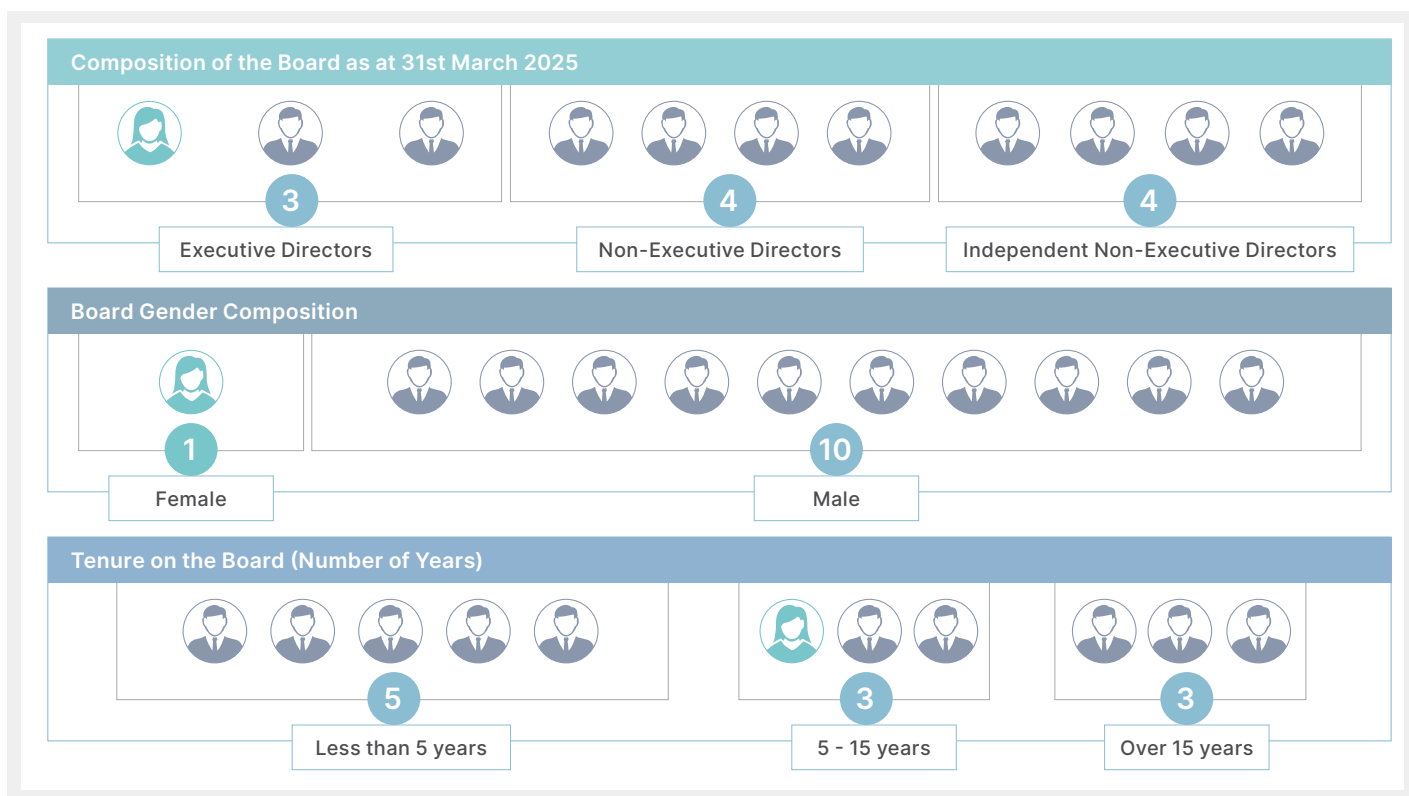


Corporate Governance

BOARD COMPOSITION AND TENURE ON BOARD (GRI 2-9, 405-1)

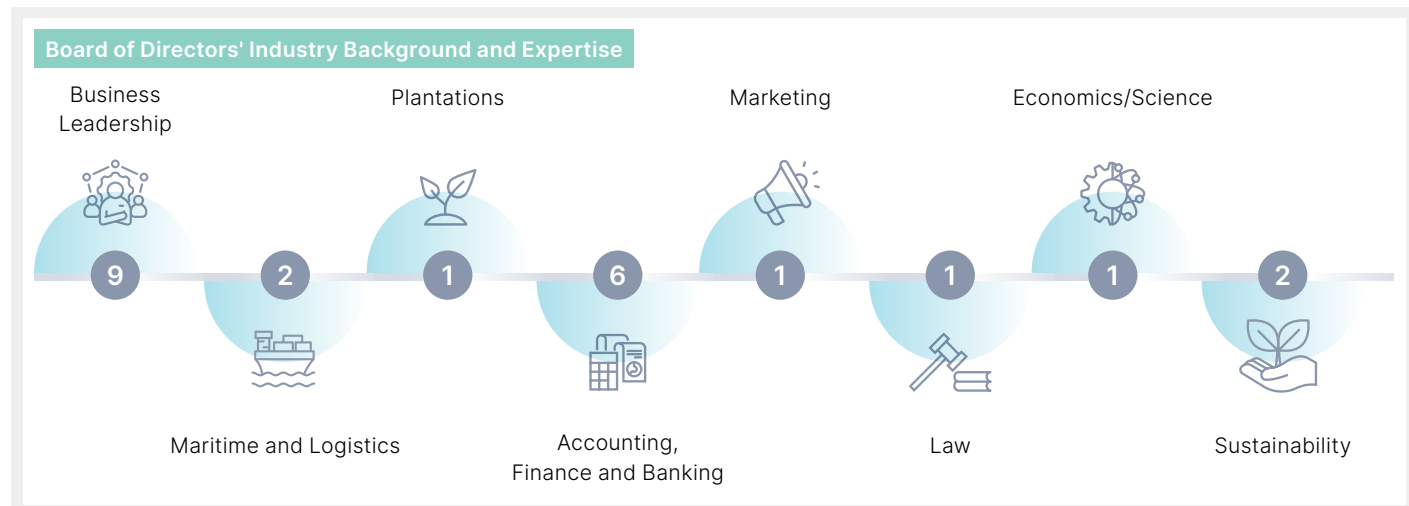
Our Board is collectively responsible for the oversight and success of our business and is comprised of 3 Executive Directors, 4 Non-Executive Directors and 4 Independent Non-Executive Directors as at 31st March 2025. Subsequently Mr. C.H. Gomez was appointed as a Non-Executive Director with effect from 1st April 2025.

The Independence of Directors is determined by the Board, based on annual declarations submitted by the Directors in compliance with the Listing Rules of the CSE and in line with Schedule C of the Code of Best Practice on Corporate Governance, 2023 issued by the Institute of Chartered Accountants of Sri Lanka.



BOARD OF DIRECTORS' INDUSTRY BACKGROUND AND EXPERTISE

The size and composition of the Board are shaped by the needs of our varied and complex business environments. A balanced combination of skills, expertise and experience ensures that the Board is fully capable of driving the Group's strategy and fostering value creation.





Corporate Governance

Disclosure in terms of Rule 9.10.4(e) of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange: Companies in which the Directors of Aitken Spence PLC serve as directors (excluding Directorships held in Group Companies).



Ms. D.S.T. Jayawardena

Executive Chairperson

Aitken Spence Hotel Holdings PLC
Browns Beach Hotels PLC

Deputy Chairperson

Lanka Milk Foods (CWE) PLC
Lanka Dairies Limited
Ambewela Products (Private) Limited
Ambewela Livestock Company Limited
Pattipola Livestock Company Limited
United Dairies Lanka (Private) Limited

Non-Independent Non-Executive Director

Melstacorp PLC
Distilleries Company of Sri Lanka PLC

Director

Stassen Exports (Pvt) Ltd
Stassen Natural Foods (Pvt) Ltd
Stassen Foods (Pvt) Ltd
Milford Exports (Ceylon) (Pvt) Ltd
CBD Exports (Pvt) Ltd
Ceylon Garden Coir (Pvt) Ltd
DCSL Breweries Lanka Limited
DCSL Group Marketing (Private) Limited



Dr. M.P. Dissanayake

Chairman

Elpitiya Plantations PLC
Aitken Spence Plantation Managements PLC

Managing Director

Aitken Spence Hotel Holdings PLC

Executive Director

Browns Beach Hotels PLC

Member

Colombo Ports City Economic Commission



Dr. R.M. Fernando

Managing Director

Elpitiya Plantations PLC
Aitken Spence Plantation Managements PLC



Mr. J.M.S. Brito

Non-Executive Director

Aitken Spence Hotel Holdings PLC
Browns Beach Hotels PLC



Mr. R.N. Asirwatham

Non-Executive Director

Aitken Spence Hotel Holdings PLC
Browns Beach Hotels PLC
Dilmah Ceylon Tea Company PLC

Director

Renuka Hotels (Pvt) Ltd
Mercantile Merchant Bank Ltd
Yaal Hotels (Pvt) Ltd



Mr. N.J. de S. Deva Aditya

Non-Executive Director

Aitken Spence Hotel Holdings PLC
Melstacorp PLC
Browns Beach Hotels PLC
Distilleries Company of Sri Lanka PLC
The Kingsbury PLC

Director

Commonwealth Union Holdings Ltd



Corporate Governance

Disclosure in terms of Rule 9.10.4(e) of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange: Companies in which the Directors of Aitken Spence PLC serve as directors (excluding Directorships held in Group Companies). (Contd.)



Mr. C.R. Jansz

Chairman

Lanka Milk Foods (CWE) PLC
Ambewela Livestock Company Ltd
Ambewela Products (Pvt) Ltd
Lanka Dairies (Private) Limited
Pattipola Livestock Company Ltd
United Dairies Lanka (Pvt) Ltd

Deputy Chairman

Melstacorp PLC
Executive Director
Distilleries Company of Sri Lanka PLC
Lanka Power Projects (Pvt) Ltd

Non-Executive Director

Balangoda Plantations PLC
Madulsima Plantations PLC

Director

Stassen Exports (Pvt) Ltd
Stassen Natural Foods (Pvt) Ltd
Stassen Foods (Pvt) Ltd
Milford Exports (Ceylon) (Pvt) Ltd
CBD Exports (Pvt) Ltd
Ceylon Garden Coir (Pvt) Ltd
Indo Lanka Exports (Pvt) Ltd



Mr. M. R. Mihular

Chairman

Watawala Plantations PLC
Bairaha Farms PLC

Independent Non-Executive Director

Aitken Spence Hotel Holdings PLC
Browns Beach Hotels PLC
Melstacorp PLC
Balangoda Plantations PLC
Madulsima Plantations PLC
Sunshine Holdings PLC

Director

Sunshine Teas (Pvt) Ltd
Lonach Dairy (Pvt) Ltd
Agility Innovation (Pvt) Ltd
DAMRO Holdings Ltd
LTL Holdings Ltd



Dr. R.A. Fernando

Non-Executive Director

Aitken Spence Hotel Holdings PLC
Browns Beach Hotels PLC
Elpitiya Plantations PLC
Melstacorp PLC

Distilleries Company of Sri Lanka
Balangoda Plantations PLC
Madulsima Plantations PLC
Dilmah Ceylon Tea Company PLC

Honorary Independent Director

Ceylon Graphene Technologies Ltd
Ceylon Asset Management Ltd
Global Strategic Corporate
Sustainability Pvt Ltd.



Mr. P. Englisch

Non-Executive Director

Aitken Spence Hotel Holdings PLC
Browns Beach Hotels PLC
Milsped, Belgrade
Stockmeier Holding SE



Mr. C.J. Sevilla

Executive Director

Form-A-Co (Gibraltar) Limited
Form-A-Trust (Gibraltar) Limited



Mr. C.H. Gomez

Non-Executive Director

Aitken Spence Hotel Holdings PLC

Director

Brinsa Projects & Technical Resources Limited
CR 1000 Limited
F A C Subnom (No.1) Limited

F A C Subnom (No.2) Limited
Form-A-Co (Gibraltar) Limited
Form-A-Trust (Gibraltar) Limited
J C L Marine Consultants Limited
The West Wing Limited



Corporate Governance

BUSINESS ENGAGEMENT

Governance

- The Board was further strengthened through the appointment of four new Independent Non-Executive Directors.
- Performance was monitored through key performance indicators (KPIs) and accountability was ensured at all levels of the organisation.
- Policies to enhance governance were formulated by the Board as detailed on page 104.
- Continuous review and introduction of new systems and processes into the Group governance structures.
- Transparent reporting to stakeholders is ensured through press releases and announcements issued to the Colombo Stock Exchange.

Stakeholder Relations and Communications

- The Board ensured effective communication with its stakeholders through regular reporting, shareholder meetings and public announcements, providing stakeholders with updates on performance, strategic decisions and key developments in the business.
- On sustainability related risks and challenges, the Group's main points of contact for diverse stakeholders are the members of the segmental sustainability subcommittees tackling diverse areas of focus. The Head of Sustainability, a Board Director, chairs the Group's monthly Sustainability Team meetings so that these representatives have direct access to a Board Director to voice their challenges, raise any issues highlighted by diverse stakeholders and seek support. This has been a practice maintained in the Group for over 20 years.

Strategic Direction and Oversight

- As part of its responsibility in executing the Group's strategy, the Board identified risks and opportunities, while assessing the resilience of its business model in responding to these changing dynamics. The diverse areas of expertise and deep industry knowledge of the Board provides direction on the execution of these strategies.
- The three Executive Directors also serve as members of the Group Supervisory Board, where they offered guidance on the implementation of the goals and strategies established by the Board.
- The Management Council, consisting of Senior Management from the four sectors, held regular meetings to evaluate the progress of strategic goals.

Financial Oversight

- The Board monitored performance of the Group's operations through quarterly and annual financial reviews.
- Sectoral performance was reviewed during meetings of the Group Supervisory Board and the Management Council.
- The recommendations made by both External and Internal auditors on improvements to be made to the processes were implemented.

Risk Management

- To better reflect its broadened responsibility, the Audit Committee was renamed the Audit and Risk Committee. This update highlights the Committee's expanded responsibilities in monitoring both financial integrity and the overall risk management strategies.
- The Risk Management team of the Group was further strengthened during the year.
- Current and potential risks were evaluated and identified considering the changes taking place in the internal and external environment.
- Segmental Risk Management Committees were assigned to oversee and manage specific risks, ensuring clear accountability at a segmental level.
- Risk monitoring through the Group Supervisory Board provides continuous oversight and regularly reviews of the overall risk environment.



Corporate Governance

BUSINESS ENGAGEMENT (CONTD.)

Compliance, Legal, and Ethical Oversight

- The Board ensured the organisation's adherence to all applicable laws, regulations and industry standards, while ensuring that all companies within the Group operated with transparency and integrity to minimise the risk of unethical or illegal behaviour.

Sustainability and Business Transformation

- Aitken Spence was one of the first companies to integrate sustainability into its highest level of governance by appointing a Board Director as the Head of Sustainability to lead sustainability initiatives and represent related concerns across all levels of governance since 2005/2006. More recently, the Group formed a Sustainability Council led by the Head of Sustainability to further integrate sustainability into its business models and drive strategic advancement. The Chairperson of the Board and a Non-Executive Director were also nominated as members of the Sustainability Council.
- The Group's consistent efforts spanning more than 2 decades to integrate sustainability within the business models and operations resulted in the Group being recognised as the Best Corporate Citizen of Sri Lanka for 2024 and entering the Hall of Fame of Best Corporate Citizens for having won the title 5 times. Aitken Spence remains the only company in the country to have been ranked among the top ten corporate citizens for 19 consecutive years.
- The Board approved 'near-term' targets proposed by the Group towards achieving net-zero. These targets have now been submitted to the Science Based Targets initiative (SBTi) for validation.
- Two sectors within the Group have established their own Sustainability Councils which reviews sector specific issues that are then brought to the attention of the Group Supervisory Board for their attention /action.
- As an indicator to reflect the transformation of selected manual processes to automated systems, the Group aims to reduce paper consumption by 30% by the end of 2025.



For more details, please refer 'Managing Our Impacts' on pages 121 to 123 of this Annual Report.

KEY RESPONSIBILITIES OF THE BOARD (GRI 2-12)

- Providing directions and guidance to the Group in formulating and implementing the corporate strategy for value creation in short, medium and long terms and monitoring the implemented strategies ensuring sustainability and impact control.
- Making decisions on Board appointments and evaluating Board performance and ensuring succession planning and the continued ability of the Company to operate without any disruption.
- Overseeing Company's financial performance and adopting appropriate accounting policies.
- Ensuring that the Company adheres to best practices in corporate governance including ethical business practices and compliance with rules, regulations and internal policies of the Group including concerns on ethics, bribery and corruption.
- Establishing and overseeing systems of internal control and risk management to ensure that the Company has effective risk management systems in place to identify, assess and mitigate risks
- Ensuring that business operations are conducted with adherence to environmental, social and governance (ESG) considerations.
- Building and improving stakeholder relationships.
- Reviewing and approving major investments, acquisitions, disposals and capital expenditure whilst considering their impacts on society and the environment.

ROLE OF COMPANY SECRETARIES

- Ensuring the conduct of Board and General Meetings are in accordance with the Articles of Association and relevant legislation.
- Maintaining statutory registers and the minutes of Board Meetings, General Meetings and of the Subcommittee Meetings.
- Prompt communication to regulators and shareholders.
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary.
- Monitoring and ensuring compliance with regulatory requirements and keeping the Board informed of any developments in these areas.
- Monitoring and ensuring compliance with regulatory requirements and keeping the Board informed of any developments in these areas.



Corporate Governance

SEGREGATION OF KEY ROLES (GRI 2-11)



Role of the Chairperson

Consequent to the demise of Deshamanya D.H.S. Jayawardena who served as Chairman of the Board, Ms. D.S.T. Jayawardena was appointed to the office of Executive Chairperson of the Company with effect from 06th February 2025 and leads the Group in an Executive capacity. The Chairperson is primarily responsible for:

- Leading the Board, preserving good corporate governance and ensuring that the Board works effectively.
- Setting the Board's annual work plan and the agendas.
- Ensuring that the Board is in control of the affairs of the Company.
- Ensuring effective participation of all Board members during Board meetings and ensuring efficient conduct of Board Meetings.
- Building and maintaining stakeholder trust and confidence.



Role of the Deputy Chairman/Managing Director

Dr. M. P. Dissanayake has served as the Deputy Chairman and Managing Director of the Company since 2019 and oversees the following:

- Implementing strategy and driving performance.
- Ensuring succession planning of the corporate management team and assessing their performance.
- Developing the Company/Group strategy for consideration and approval by the Board in line with guidance provided by the Board.
- Developing and recommending to the Board, budgets supporting the Company/Group long-term strategy.
- Setting the Board agenda in consultation with the Chairperson and assisted by the Company Secretaries.
- Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and Corporate Governance principles.
- Establishing an organisational structure for the Company which is appropriate for the execution of strategy.
- Ensuring a culture that is based on the Company's values.
- Ensuring that the Company operates within the approved risk appetite.



Role of the Senior Independent Director

Pursuant to the appointment of Ms. D. S. T. Jayawardena as the Executive Chairperson of the Company, Mr. M. R. Mihular was appointed as Senior Independent Director in compliance with Rule 9.6.3 (a) of the listing rules.

The key responsibilities of the Senior Independent Director include:

- Exercising independent judgement on Board related matters.
- To ensure that Non-Executive Directors convene at least annually, without the presence of Executive Directors, to deliberate on governance matters and address any concerns related to the Company and its operations and to communicate the outcomes from these discussions to the Chairperson.
- Appraising the Chairperson's performance.

COMPANY SECRETARIES

Aitken Spence Corporate Services (Private) Limited acts as the Company Secretaries and guides the Board in discharging its duties and responsibilities, promoting best practices in Corporate Governance. All Directors have access to the advice and services of the Secretaries as necessary.

The Secretaries maintain minutes of Board Meetings, which are open for inspection by any Director. Appointment and removal of the Company Secretaries is a matter for the Board as a whole.



Corporate Governance

EFFECTIVE PROCESSES

Strong governance processes are essential for overseeing operations and promoting a culture that supports sustainable value creation, all within a structured framework that ensures compliance. Highlighted below are the key processes that form the foundation of our governance framework:

Appointment, Re-election and Resignation of Directors (GRI 2-10)

The Nominations and Governance Committee helps the Board evaluate its structure and composition, recommending candidates for Board appointments. The Board reviews these recommendations and suggests candidates for appointment or re-election to the shareholders at the Annual General Meeting. The Committee carefully assesses the suitability of Directors for appointments vis-à-vis the requirements set out in the Listing Rules of the Colombo Stock Exchange and conducts annual evaluations of their continued service on the Board.

All new Board appointments are promptly announced to the Colombo Stock Exchange and these announcements include details of the Director's expertise, key appointments, shareholdings, other directorships or committee memberships and their independence status.

Directors are required to submit their resignations in writing, which are then promptly communicated to the Colombo Stock Exchange upon the Board's acceptance, along with details of any shareholding in the Group.

Fit and Proper Assessment Criteria

Annual declarations were obtained from the Directors in terms of Rule 9.7.4 of the listing rules, confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. All Directors have satisfied the set criteria.

Induction & Director Learning (GRI 2-17)

Newly appointed Directors undergo a formal and customised induction program coordinated by the Deputy Chairman and Managing Director. They are introduced to the Group's values and culture, operating model, policies, governance framework, the Group's Code of Ethics and Professional Conduct and its operational strategies. Directors are also given the opportunity to hold one-on-one meetings with the management of each subsidiary and, where applicable, visit sites, factories or hotels.

The Board is regularly updated with presentations on the latest developments in corporate governance and the operating environment. Directors are encouraged to participate in seminars and webinars to broaden their knowledge and enhance their effectiveness. Additionally, they pursue personal training and professional growth through seminars, workshops, conferences and staying informed on regulatory updates.

Changes in the Board during the year 2024/2025

Cessations and Resignations



- Demise of Deshamanya D.H.S. Jayawardena on 3rd February 2025.
- Resignation of Mr. M.A.N.S. Perera w.e.f. 25th November 2024.
- Resignation of Mr. C.H. Gomez w.e.f 30th December 2024.

Appointments



- Appointment of Mr. M.R. Mihular w.e.f. 02nd December 2024.
- Appointment of Dr. R.A. Fernando and Messrs. P. Englisch and C.J. Sevilla w.e.f. 30th December 2024.
- Appointment of Mr. C.H. Gomez w.e.f. 01st April 2025.



Corporate Governance

Effective Board Meetings

The Deputy Chairman and Managing Director together with the Company Secretaries, propose the agenda for the Board Meeting, which is then reviewed and approved by the Chairperson, who leads the meetings. Board papers are provided to Directors one week in advance to allow adequate time for review and clarification of the topics to be discussed. The Chairperson ensures that all Board members are well-informed on the matters at hand and Senior Management is available to provide clarification as required.

Board of Directors	Board Meetings			Total Meetings Attended
	05.09.2024	21.11.2024	28.03.2025	
Ms. D.S.T. Jayawardena Chairperson	✓	✓	✓	3/3
Dr. M.P. Dissanayake Deputy Chairman & Managing Director	✓	✓	✓	3/3
Dr. R.M. Fernando	✓	✓	✓	3/3
Mr. J.M.S. Brito	✓	✓	✓	3/3
Mr. R.N. Asirwatham	✓	✓	✓	3/3
Mr. N.J. de S. Deva Aditya	✓	✓	✓	3/3
Mr. C.R. Jansz	✓	EX	✓	2/3
Mr. M.R. Mihular (Appointed w.e.f. 02nd December 2024)	N/A	N/A	✓	1/1
Dr. R.A. Fernando (Appointed w.e.f. 30th December 2024)	N/A	N/A	✓	1/1
Mr. P. Englisch (Appointed w.e.f. 30th December 2024)	N/A	N/A	✓	1/1
Mr. C.J. Sevilla (Appointed w.e.f. 30th December 2024)	N/A	N/A	✓	1/1
Mr. C.H. Gomez (Resigned w.e.f. 30th December 2024 and appointed w.e.f. 01st April 2025)	✓	✓	N/A	2/2
Deshamanya D.H.S. Jayawardena (Demised on 03rd February 2025)	EX	✓	N/A	1/2
Mr. M.A.N.S. Perera (Resigned w.e.f. 25th November 2024)	✓	✓	N/A	2/2

EX - Excused

N/A - Not applicable, meeting was held prior to the appointment or after the resignation/cessation



Corporate Governance

Board Subcommittees (GRI 2-9)

The Board has assigned specific responsibilities that require more focused attention to the four Subcommittees. This structure allows the Board to dedicate adequate time to matters reserved for its decision-making, particularly in executing strategy and addressing forward-looking issues, while ensuring that delegated matters receive thorough attention. Committee Chairmen are accountable for the effective operation of their respective Committees and provide regular reports to the Board on their activities.

Nominations and Governance Committee	Remuneration Committee	Audit and Risk Committee	Related Party Transactions Review Committee
Refer Nominations and Governance Committee Report on page 148	Refer Remuneration Committee Report on page 150	Refer Audit and Risk Committee Report on page 152	Refer Related Party Transactions Review Committee Report on page 155

Composition

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> • 3 Independent Non-Executive Directors, including the Chairman • 2 Non-Executive Directors | <ul style="list-style-type: none"> • 3 Independent Non-Executive Directors, including the Chairman • 2 Non-Executive Directors | <ul style="list-style-type: none"> • 4 Independent Non-Executive Directors, including the Chairman • 2 Non-Executive Directors | <ul style="list-style-type: none"> • 4 Independent Non-Executive Directors, including the Chairman • 2 Non-Executive Directors |
|--|--|--|--|

Area of Focus

- | | | | |
|--|--|--|---|
| <ul style="list-style-type: none"> • Evaluate and recommend the appointment/ re-appointment /election/ re-election of Directors to the Board . • Evaluate and recommend suitable internal and external candidates to higher levels of management. • Succession planning. • Effectiveness of the Board and its Subcommittees. | <ul style="list-style-type: none"> • Determine the remuneration policy of the Directors and the Management Council. • Determine the overall individual remuneration packages which include compensation on termination of employment. • Evaluate the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management of the Strategic Business Units | <ul style="list-style-type: none"> • Risk management and internal control. • Financial reporting and financial control. • Internal audit. • External audit including assessing the independence of the external auditor. • Compliance with legal and regulatory requirements. | <ul style="list-style-type: none"> • Review all proposed Related Party Transactions and the post quarter confirmations in accordance with the requirements of the Listing Rules. • Recommend appropriate action for compliance in respect of proposed Related Party Transactions or post quarter confirmations as applicable. • Annual Review of thresholds of transactions falling under the ambit of Section 9.14.8 of the Listing Rules based on the available Audited Financial Statements. • Set out criteria to determine Key Management Personnel. |
|--|--|--|---|



Corporate Governance

Executive Committees (GRI 2-9)

The Board has set up five tiers of Executive Committees with oversight responsibility enabling efficient discharge of the executive functions of the Board.

Group Supervisory Board (GSB)

- Dr. M.P. Dissanayake
- Ms. D.S.T. Jayawardena
- Dr. R.M. Fernando
- Ms. N. Sivapragasam

Formulates and oversees the execution of strategies within the policy framework set out by the Board of Directors

Management Council (MC)

- Managing Directors and Chief Executive Officers of the sectors

Executes strategies at operational level

Sector Management Committees (SMCs)

- Group Supervisory Board
- Sectoral Managing Director/Chief Financial Officer of the sector
- Senior Sectoral Management Team
- Selected Members from the Cross Functional Senior Management Team

Monitors and reviews operations at sector level

Sustainability Council

- Dr. R.M. Fernando
- Ms. D.S.T. Jayawardena
- Ms. N. Sivapragasam
- Dr. R.A. Fernando
- Managing Directors and Chief Executive Officers of the sectors
- Selected Members of the cross functional senior management team of Aitken Spence Corporate Services (Private) Limited

Oversees sustainability strategies, performance and stakeholder engagement, ensuring compliance and promoting best practices within the Group

Transformation Steering Committee

- Dr. R.M. Fernando
- Ms. D.S.T. Jayawardena
- Ms. N. Sivapragasam
- Mr. Suresh Muttiah
- Mr. Mihiran Fonseka
- Mr. Ranmore VanDort
- Ms. Keshini De Silva

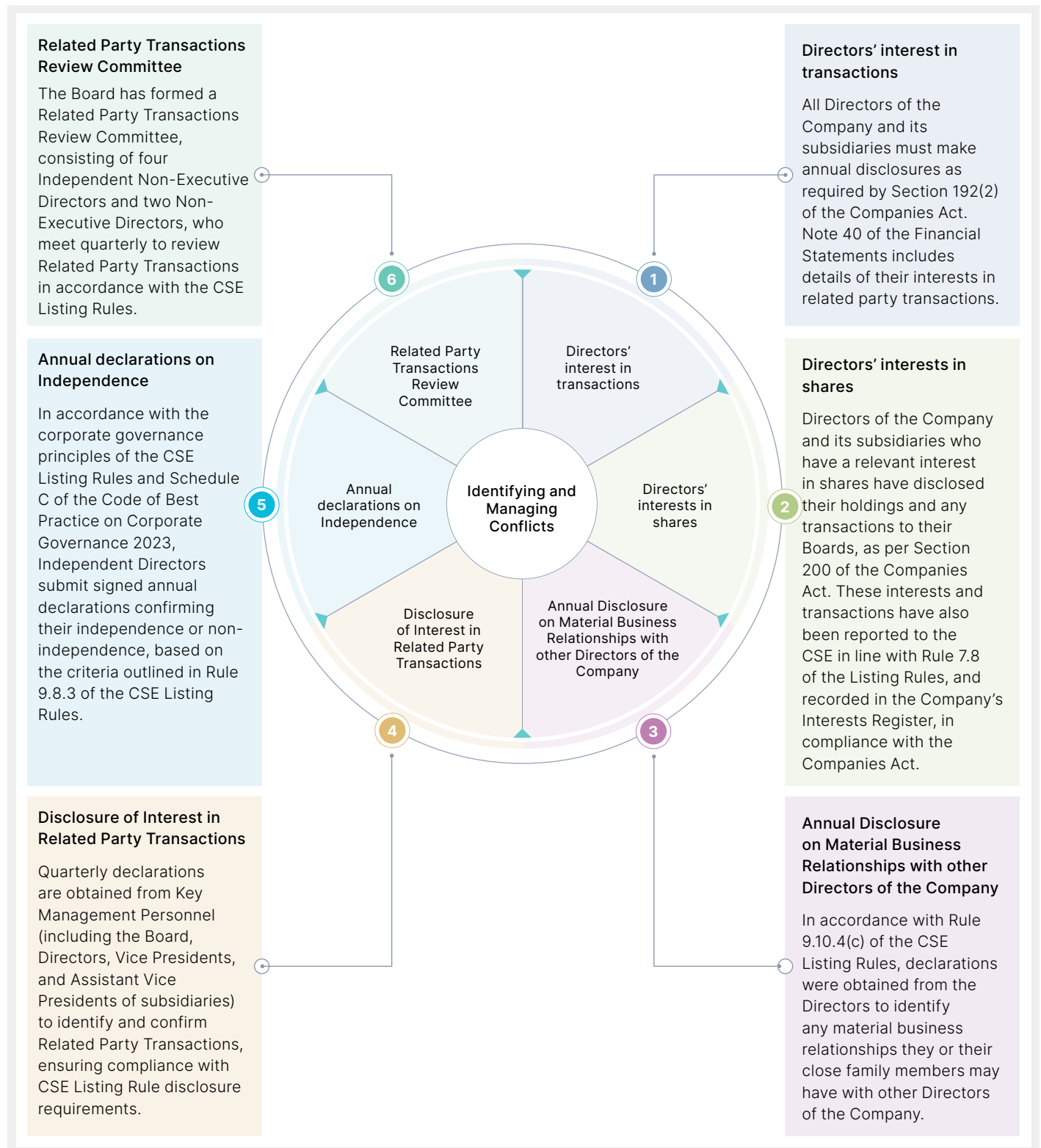
Monitors and reviews the Group transformation strategy, provides direction and implements necessary action



Corporate Governance

Identifying and Managing Conflicts of Interest. (GRI 2-15)

The Group has processes in place to identify and manage conflicts of interest which are listed below:





Corporate Governance

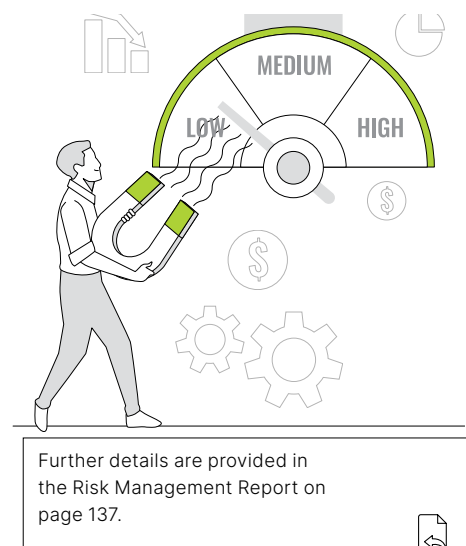
Risk Management

The Board is responsible for setting in place a system to identify, assess, measure, monitor and manage the principal risks of the Group and determining the level of risk it is willing to accept in relation to its strategic goals.

The Group implemented a centralised risk management process using a Segment-Wise Risk Register, which is updated on a quarterly basis by the business segments to enable the preparation of a merging Segment-Wise Risk Register for the Group. This was further strengthened with training and obtaining additional information to support the Group's journey in adopting the IFRS Sustainability

Standards. This further ensures that business segments have a holistic approach in identifying and assessing risks from a continuously updated risk universe. A common taxonomy and classification is followed facilitating consolidation.

Additionally, central support services, such as HR and IT assess the specialised risks for the Group, thereby ensuring that the risks capture issues related to subsidiaries as well, through regular meetings with Business Segment heads. The Group Internal Audit-Risk Unit division reviews the risk management processes and moderates the same prior to reporting on Group risks to the Board.



PERFORMANCE OVERSIGHT

Performance is reviewed periodically by the GSB and the Board who consider performance vis-à-vis strategy, agreed budgets and targets encompassing both financial and non-financial performance. They receive sufficient explanation for over and under performance and deliberate on the need for strengthening resources allocated for the pursuit of critical strategic objectives.

Each subsidiary is managed by a group of Directors and CEOs, which make up the Management Council who report to the Deputy Chairman and Managing Director. Sectoral Management Committee meetings are held quarterly with the participation of the senior management team of the subsidiary, including the senior management team of the corporate office who discuss in depth, the operational environment, risks, threats and strategy and the performance related issues. These meetings are headed by the Deputy Chairman and Managing Director or another Board Director.

Internal Controls, Accountability and Audit

Standard Operating Procedures (SOPs) are formulated by subsidiary companies and are reviewed by Internal Audit. All employees are required to follow these SOPs and any deviations are reported with corrective action agreed upon by the Management. Serious deviations trigger deeper investigations and root cause analysis, potentially leading to disciplinary action. Internal Audit Reports, which include audit findings, risk assessments and management responses, are reviewed by the Audit and Risk Committee, which may recommend additional measures to strengthen controls if deemed necessary.

The Audit and Risk Committee assists the Board in fulfilling its responsibilities regarding financial reporting, audit oversight and risk management. The Committee reviews performance, internal audit reports and risk management reports regularly. Additionally, it assesses the adequacy of internal controls.

Further details are provided in the Audit and Risk Committee Report on page 152.



Resource Allocation

Any new investment/project is discussed with the Group Supervisory Board and evaluation is jointly carried out by the respective subsidiary as well as the Corporate Services team, who then present their observations on same to the GSB. Environmental and social impacts, and implications of long-term outcomes are also analysed in addition to the financial evaluation. If approved, these are then presented to the Board of Directors for final deliberation.

Legal & Regulatory Compliance

All Head of Finance of the SBU's are required to sign off on adherence to compliance with the SLFRS and tax regulations on a quarterly basis. Operational compliance is monitored by the Sector Management Committee who keep the Board informed on matters of concern identified. Additionally, Internal Audit also reviews compliance with regulatory and legal requirements and submit reports to the Audit and Risk Committee which convenes on a regular basis to discuss these reports. Any significant issues are further escalated to the Board of Directors. The Audit and Risk Committee signs off on an Internal Audit Plan for the year and may request for additional reviews as and when required.



Corporate Governance

Evaluation of Performance of the Board (GRI 2-18)

Performance of the Deputy Chairman and Managing Director and other Executive Directors are assessed at the end of each financial year against financial and non-financial objectives set out in consultation with the Board at the commencement of every financial year. The evaluation is carried out by the Chairperson, against the backdrop of the operating environment. Remuneration is revised based on performance. Areas identified for improvement are communicated to the respective Director, including training needs, and skills and knowledge gaps.

Director Remuneration (GRI 2-19, 2-20)

The Remuneration Committee is responsible for making recommendations to the Board regarding the remuneration of the Executive Directors and Key Management Personnel (KMPs). The compensation for Directors and KMPs is aligned with objectives for sustainable value creation that are consistent with the Group's strategy. It is determined based on well-defined performance goals that are appropriately challenging and benchmarked against the industry standards.

The Board as a whole determines the remuneration of the Non-Executive Directors (NEDs). NEDs are remunerated based on their attendance at Board and/or Committee meetings. Remuneration for NEDs reflects the time commitment and responsibilities of their role, taking into consideration market practices. They do not receive any performance related incentive payments. Professional advice is sought by the Board and Remuneration Committee in discharging their responsibilities.

Further details are provided in the Remuneration Committee Report on page 150.



Employee Remuneration

Aitken Spence's remuneration policy is designed to incentivise employees in creating long-term value for the Group and aligning their interests with the Group's strategic direction. This policy ensures effective utilisation of Group resources and a continued focus on sustainability, growth and long-term value. The Group has established policies to ensure that remuneration and benefits are fair, transparent, competitive and cost-effective while also aligning with the Group's business goals. The implementation of this policy is overseen by the Group Chief Human Resource Officer.

A total reward philosophy is maintained within the Group, encompassing both monetary and non-monetary rewards. In order to position the Group as an employer of choice, new rewards have been introduced to provide staff with a unique value proposition.

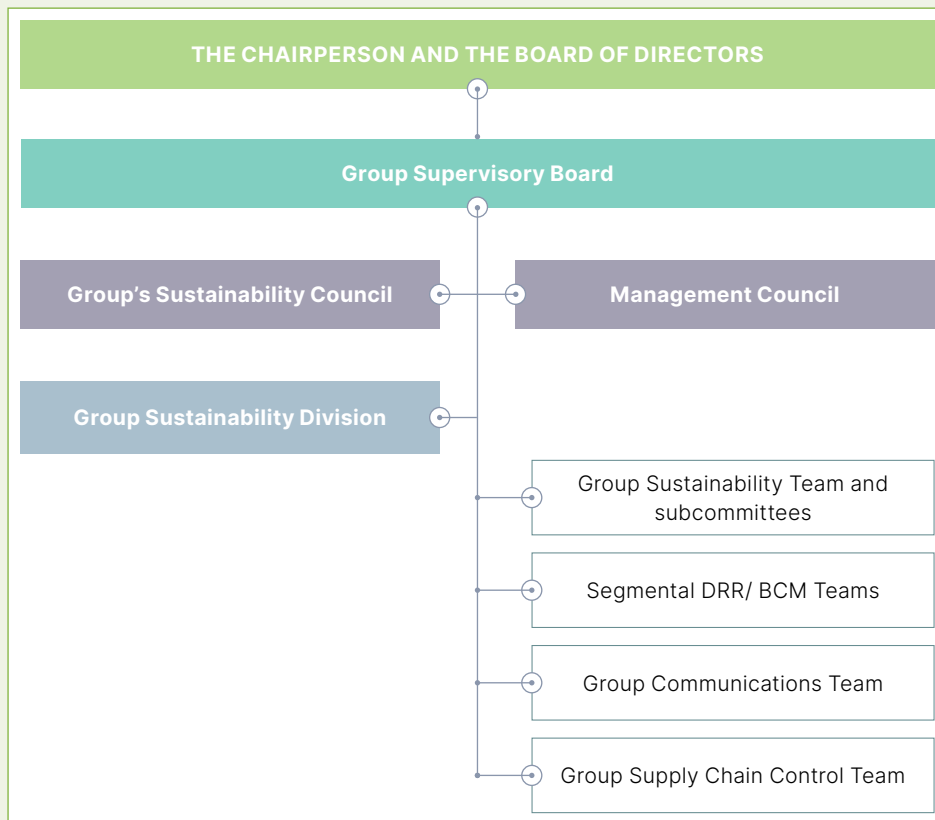
Further details are provided in the Human Capital Report on page 285





Corporate Governance

MANAGING OUR IMPACTS (GRI 2-9, 2-13)



Integrated Sustainability Policy

Aitken Spence



Scan this QR code to read our Integrated Sustainability Policy published on the Aitken Spence website:
www.aitkenspence.com/sustainability

Role of the Board in Managing Impacts (GRI 2-12)

- Ms. D.S.T. Jayawardena, Chairperson of the Board, was appointed as a Nominee Member of the Sustainability Council.
- Sector-wise sustainability councils were set up by the Tourism sector and Services sector as well as the plantations segment.
- The process to identify impacts and prioritise the most significant impacts is explained in the 'Determining Materiality' section of this Annual Report. The Board provides policy direction, guidance on required action to ensure governance and impact control and approval for targets and necessary resource allocation.
- The Group has put in place a comprehensive policy framework and governance structure to ensure economic, social and environmental sustainability. All 17 segments of the Group have separate sustainability teams (sustainability subcommittees) that report to their respective Managing Directors and have the independence to enhance the benchmarks and recommended action points (essential/ expected/ exemplary) set across the Group. Over 600 team members across the Group handle diverse responsibilities, maintaining more than 180 diverse processes and management systems for ESG and impact control. The main representative of each subcommittee forms the Group's Sustainability Team which convenes once a month to discuss performance, pertinent issues and the way forward in sustainability. Where necessary, the Group's Sustainability Division holds one-to-one meetings directly with the segmental subcommittees and their Managing Directors. Input from these subcommittees plays a crucial role in the Group's sustainability strategy as they represent operational concerns of their respective industries and are also the main points of contact for relevant key stakeholders at segment level.
- This process is led by the Board with the Head of Sustainability directly overseeing the policy direction and implementation of the Group's sustainability strategy. To facilitate direct access to the Board, the Group's monthly Sustainability Team meetings are chaired by the Head of Sustainability, a Board Director. It is important to note that this practice has been maintained by the Group for over 20 years. Key decisions on impacts identified as significant and/or requiring significant resource allocation/ changes to business models are reviewed at GSB level and are escalated to Board level where necessary.



Corporate Governance

Communication of Critical Concerns (GRI 2-16)

- The reporting hierarchy for sustainability related decision-making in the Group is outlined in the 'About Us' section of this Annual Report. The Sustainability Subcommittees within the Group implement required action and coordinate internal reviews periodically to ensure sustainability practices are effective to achieve their priorities. The results of these inspections as well as routine impact assessments and stakeholder concerns are reviewed by the management at least once a year to assess overall progress.
- Accordingly, critical concerns are raised by each team to their Managing Directors (MDs) and through the MDs to the GSB and the Board of Directors if required.
- As explained above, the Group's Sustainability Team meets monthly, convened by the Head of Sustainability of Aitken Spence PLC, an Executive Director of the Group. The team discusses progress and raises any issues/concerns directly to the Head of Sustainability, who in turn reports same to the GSB and to the Board of Directors for their information/direction on course of action to be pursued.

Role of the Highest Governance Body in Sustainability Reporting (GRI 2-14)

- The Board approves all policies and initiatives undertaken by the Group pertaining to economic, social and environmental sustainability. The implementation and execution of same is overseen by the Group's Head of Sustainability, an Executive Director.
- Sectoral Management Committees, the GSB and the Board receive regular reports on material matters and these form key inputs in driving performance management, strategy formulation and resource allocation. During the year under review, a Sustainability Council was appointed to review performance and provide guidance to the Group's companies on necessary action.

Mitigating our Impacts and Embedding Policy Commitments (GRI 2-13)

- The Company has established an Integrated Sustainability Policy that encompasses 20 policy commitments. All segments specified in our reporting boundary adhere to the Group's Sustainability Policy, which provides guidance on necessary action to ensure sustainability. To ensure the realisation of these commitments, each statement is reinforced by a corresponding action plan. These action plans are designed into a framework to provide flexibility to the Company's diverse segments, which may have distinct priorities.
- To ensure due diligence, the Group conducts annual reviews where the business segments are assessed on action points and benchmarks deemed as 'essential' as the minimum standard in the Group well as higher controls 'expected' for specific segments where higher impact controls are considered as a requirement. The segments are also advised to take 'exemplary' actions that are pertinent to their significant impacts or potential to create sustainable long-term value.

Our Commitment to Global Benchmarks and the Sustainable Development Goals

The Group assesses both local and global development priorities to shape our strategic focus on business sustainability. As a signatory to the UN Global Compact (UNGC) since 2002 and the Women's Empowerment Principles since 2011, Aitken Spence is committed to the directives set forth in the Ten Principles of the UNGC and the WEPs. Additionally, the segmental teams adhere to industry-specific voluntary standards that further guide their operations.

The Group has strategically aligned our efforts with seven specific Sustainable Development Goals (SDGs) where the targets within the goals directly relate to the Group's identified material issues to guide our actions. Each business segment further tailors their activities to align with those SDGs that are most pertinent to their particular operational contexts, ensuring a cohesive and targeted approach to sustainability across the Group.

For more details, please refer pages 62 to 67 of this Annual Report.





Corporate Governance

The Action Plan to Implement the Policy Commitments

The implementation framework of Aitken Spence's integrated sustainability policy



Total management systems maintained at different levels of control or compliance

200

Total management systems certified



These policy commitments aimed at promoting social and environmental governance and sustainability are also met through the implementation of other policies, procedures and best practices that fall within different operational structures of the Group. For instance, human resources governance structures fulfil the policy commitment 'O' to nurture a motivated and dedicated workforce (Please refer to the 'Decoding our Integrated Approach to Sustainability' for a more detailed overview). Each segment also has its own unique strategies in place that are designed to meet the needs of these policies. Management systems aligned to global benchmarks and best practices play a crucial role in these strategies as it facilitates a systemic approach to identify and manage environmental and social impacts.

This demonstrates the interconnectedness of policies and practices within the Group and how they work together to achieve common objectives. The Group's overall priorities for social, environmental and economic sustainability are captured through the Spence IMPACT strategy which is explained on page 78.

Over the past year, the Group established a Sustainability Council to oversee the strategic direction and performance of sustainability initiatives. This decision was driven by the need for more consistent interventions at the senior management level to address identified gaps and strengthen the Spence IMPACT strategy, ensuring a more strategic and integrated approach.

109 Management systems and structured processes established for environmental impact control out of which



48 systems are certified

119 Management systems established for social impact control out of which



46 are certified for Occupational Health & Safety (OHS) and



53 are certified for quality/ product safety.










Corporate Governance

Shareholder Communications

Shareholder communications are handled by the Company Secretarial Division, with the Annual General Meeting (AGM) serving as the primary platform for same. However, Shareholders can also ask questions, provide feedback, or make suggestions to the Board through the Company Secretaries. The Group has also provided a 'Shareholder Feedback Form' on the Group's Annual Report as well as the Group's website (www.aitkenspence.com/feedback) to provide any feedback directly to the Company. Any significant issues or concerns raised by shareholders are forwarded to the Board, along with the Management's views. The Company Secretaries respond to shareholder inquiries on behalf of the Management. Additionally, Shareholders have the opportunity to address the Board directly during the AGMs.

The Board approves the quarterly Financial Statements for dissemination to Shareholders through the CSE in a timely manner. All other price sensitive information such as major acquisitions or disposals and share transaction dealings are also promptly notified to the CSE.

Engagement Mechanism	Frequency of Engagement					
	Annually	Quarterly	Periodically	Regularly	24 Hours 7 days	As and when Required
 General meetings	✓					
 Annual Report	✓					
 Interim Financial Statements		✓				
 Disclosures and announcements to the CSE			✓			✓
 Corporate website					✓	
 General correspondence				✓		
 CSR projects				✓		



Corporate Governance

COMPLIANCE WITH THE COMPANIES ACT NO. 7 OF 2007

(Table 1)

Section	Requirement	Disclosure Reference for Compliance	Compliance Status
168 (1)(a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed	Refer Financial Statements and Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (c)	Auditors Report on Financial Statements of the Company and the Group	Refer Financial Statements of this Annual Report	Compliant
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (h)	Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (k)	Annual Report of the Board of Directors signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Compliant



Corporate Governance

COMPLIANCE WITH THE CONTINUING LISTING REQUIREMENTS - SECTION 7.6 ON THE CONTENT OF ANNUAL REPORT ISSUED BY THE COLOMBO STOCK EXCHANGE

(Table 2)

Section	Requirement	Disclosure Reference for Compliance	Compliance Status
7.6 i)	Names of Directors of the entity	Refer Corporate Information of this Annual Report	Compliant
7.6 ii)	Principal activities of the entity and its subsidiaries during the year under review	Refer Annual Report of the Board of Directors and the Group Directorate of this Annual Report	Compliant
7.6 iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer Investor Information of this Annual Report	Compliant
7.6 iv)	The float adjusted market capitalisation, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Investor Information of this Annual Report	Compliant
7.6 v)	Directors and CEO's holding in shares of the entity at the beginning and end of reporting year	Refer Investor Information of this Annual Report	Compliant
7.6 vi)	Information pertaining to material foreseeable risk factors	Refer Risk Management of this Annual Report	Compliant
7.6 vii)	Details of material issues pertaining to employees and industrial relations	Refer Human Capital of this Annual Report	Compliant
7.6 viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer Note 15.3 and 16.3 to the Financial Statements of this Annual Report	Compliant
7.6 ix)	Number of shares representing the stated capital	Refer Investor Information of this Annual Report	Compliant
7.6 x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Investor Information of this Annual Report	Compliant
7.6 xi)	Ratios and market price information	Refer Investor Information of this Annual Report	Compliant
7.6 xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Refer Note 15 and 16 to the Financial Statements of this Annual Report	Compliant
7.6 xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees	N/A
7.6 xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Compliant
7.6 xvi)	Related Party Transactions	Refer Note 40 to the Financial Statements and the declaration of the Board of Directors embodied in the Annual Report of the Board of Directors of this Annual Report	Compliant



Corporate Governance

COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

(Table 3)

CSE Rule	Requirement	Status of Compliance	How We Comply
9.1	Corporate Governance Rules		
9.1.1 9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	Compliant	The extent of compliance with Section 9 of the Listing Rules of the Colombo Stock exchange on Corporate Governance Rules is tabulated in the table given below. Also refer 'Chairperson's Statement on Governance' in the Corporate Governance Report of this Annual Report.
9.2	Policies		
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk management and Internal controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	Compliant	The Company has formulated the policies referred to in a, b, c, d, e, f, g, h, i, j, k and l and the said policies are periodically reviewed by the Board .
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	N/A	N/A
9.2.3	i List of policies in place as per Rule 9.2.1, with reference to website ii Any changes to policies adopted	Compliant	Refer 'How We Comply' under Rule 9.2.1 above.
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	Compliant	Refer 'How We Comply' under Rule 9.2.1 above.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.3	Board Committees		
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include: (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit and Risk Committee (d) Related Party Transactions Review Committee	Compliant	The Company has in place a Nominations and Governance Committee, Remuneration Committee, Audit and Risk Committee and a Related Party Transactions Review Committee.
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules	Compliant	Refer 'How We Comply' under Rules 9.11, 9.12, 9.13 and 9.14 below
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Compliant	The Chairperson of the Board does not serve as the Chairman of any Board Subcommittees.
9.4	Principles of democracy in shareholder dealings		
9.4.1	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC). a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained	Compliant	The Company Secretaries maintain records of all resolutions of General Meetings and information related thereto.
9.4.2	a) Listed Company should have a policy on effective communication and relations with shareholders and investors b) Listed Company should disclose the contact person for such communication c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Compliant	Refer "How We Comply" under Rule 9.2.1 above.
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	Compliant	Refer "How We Comply" under Rule 9.2.1 above.
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-compliant reasons for the same with proposed remedial action	Compliant	Refer "How We Comply" under Rule 9.2.1 above.
9.6	Chairperson and CEO		
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director is appointed by such Entity in terms of Rule 9.6.3 below	Compliant	Since the Chairperson is an Executive Director, a Senior Independent Director has been appointed in compliance with Rule 9.6.3.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	N/A	N/A
9.6.3	Senior Independent Director	Compliant	Mr. M. R. Mihular was appointed as the Senior Independent Director of the Board with effect from 06th February 2025 since the Chairperson is an Executive Director.
9.6.4	Rationale for appointing Senior Independent Director	Compliant	Refer Report of the Senior Independent Director.
9.7	Fitness of Directors and CEOs		
9.7.1	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules	Compliant	The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they are at all times fit and proper persons as specified in the criteria given in Rule 9.7.3 of the Listing Rules of the CSE.
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	Compliant	Declarations obtained from the Directors in terms of Rule 9.7.4 are presented to the Nominations and Governance Committee for determination prior to recommending the Director for appointment/ re-election.
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if she or he does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	Compliant	Refer 'How We Comply' under Rule 9.7.1 above.
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Compliant	Annual declarations from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st March 2025.
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	Compliant	Refer the 'Annual Report of the Board of Directors' of this Annual Report. N/A
9.8	Board Composition		
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	Compliant	As of the date of the publication of this Annual Report, the Company consists of 12 Directors, thereby complying with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE.
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Compliant	The Board consists of 4 Independent Directors as at the date of publication of this Annual Report.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	Compliant	All the Independent Directors of the Company fulfil the criteria for determining independence under Section 9.8.3 of the Listing Rules.
9.8.5	<p>(a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein</p> <p>(b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report</p> <p>(c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof</p>	Compliant	<p>The Independent Directors submit signed declarations annually with regard to their independence/non-independence against the specified criteria stipulated under Rule 9.8.3 of the Listing Rules of the CSE</p> <p>Refer 'Board Composition' in the Corporate Governance Report of this Annual Report.</p>
9.9	Alternate Directors		
9.9	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	N/A	N/A However, the Articles of Association of the Company were amended to incorporate the requirements set out under Rule 9.9 of the Listing Rules.
9.10	Disclosures Relating to Directors		
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	Compliant	Refer "How We Comply" under Rule 9.2.1 above.
9.10.2	<p>Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following:</p> <ol style="list-style-type: none"> a brief resume of such Director; his/her capacity of directorship; and, Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company 	Compliant	Refer 'Appointment, Re-election and Resignation of Directors' in the Corporate Governance Report of this Annual Report.
9.10.3	Listed Company shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors and Board Committees referred to in Rule 9.3 of the Listing Rules containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	Compliant	Changes to the Board and Board Sub Committees are promptly notified to the Colombo Stock Exchange.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.10.4	<p>Directors details</p> <p>a) name, qualifications and brief profile</p> <p>b) nature of his/her expertise in relevant functional areas</p> <p>c) whether either the Director or Close Family Members has any material business relationships with other Directors</p> <p>d) whether Executive, Non-Executive and/or independent Director</p> <p>e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed)</p> <p>f) number of Board meetings attended</p> <p>g) names of Board Committees in which the Director serves as Chairperson or a member</p> <p>h) Attendance of board committee meetings</p> <p>i) Terms of Reference and powers of Senior Independent Directors</p>	Compliant	<p>a), b) and d) - refer 'Board profiles' of this Annual Report</p> <p>c) - Based on the individual declarations obtained from the Directors, it was evident that none of the Directors or their close family members have material business relationships with other Directors of the Company. A Statement to this effect will be included in the 'Annual Report of the Board of Directors' of this Annual Report</p> <p>e), f), g) and h) - refer in the Corporate Governance Report of this Annual Report</p> <p>i) - Refer report of the Senior Independent Director.</p>
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	Compliant	The Company has a Nominations and Governance Committee that conforms with the requirements set out in Section 9.11.
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	Compliant	Refer "How We Comply" under Rule 9.2.1 above.
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Compliant	Refer "How We Comply" under Rule 9.2.1 above.
9.11.4	<p>(1) The members of the Nominations and Governance Committee shall;</p> <p>(a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company</p> <p>(b) not comprise of Executive Directors of the Listed Company.</p> <p>(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors</p> <p>(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company</p>	Compliant	Refer 'Composition of the Committee' in the Nominations and Governance Committee Report.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.11.5	The functions of the Nominations and Governance Committee	Compliant	Refer 'Nomination and Governance Committee Report' of this Annual Report.
9.11.6	<p>The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson</p> <p>Nominations and Governance Committee Report shall include the following:</p> <ul style="list-style-type: none"> (a) Names of chairperson and members with nature of directorship (b) Date of appointment to the committee (c) Availability of documented policy and processes when nominating Directors (d) Requirement of re-election at regular intervals at least once in 3 years (e) Board diversity (f) Effective implementation of policies and processes relating to appointment and reappointment of Directors 	Compliant	Refer 'Nomination and Governance Committee Report' of this Annual Report.
	<ul style="list-style-type: none"> (g) Details of directors re-appointed <ul style="list-style-type: none"> • Board Committees served • Date of first appointment • Date of last re-appointment • Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years • Any relationships – close family member, more than 10% shareholding (h) Performance of periodic evaluation of Board (i) Process adopted to inform Independent Directors of major issues. (j) Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement (k) Annual update for all Directors on corporate governance, Listing Rules, securities market regulations or negative statement (l) Compliance with independence criteria (m) Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions 		
9.12	Remuneration Committee		
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	Compliant	The Company has a Remuneration Committee that conforms with the requirements set out in Section 9.12.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	Compliant	Refer 'Director Remuneration' in the Corporate Governance Report of this Annual Report and the 'Remuneration Committee Report' of this Annual Report.
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	Compliant	Refer 'How We Comply' under Rule 9.2.1 above.
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Compliant	Refer 'Remuneration Committee Report' of this Annual Report.
9.12.6	(1) The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) not comprise of Executive Directors of the Listed Company (2) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Compliant	Refer 'Composition of the Committee' in the Remuneration Committee Report of this Annual Report.
9.12.7	The functions of the Remuneration Committee	Compliant	Refer 'Remuneration Committee Report' of this Annual Report.
9.12.8	Remuneration Committee Report shall contain the following: (a) Names of chairperson and members with nature of directorship (b) Remuneration Policy (c) The aggregate remuneration of the Executive and Non-Executive Directors	Compliant	Refer 'Remuneration Committee Report' of this Annual Report. Refer Note 9 to the Financial Statements of this Annual Report.
9.13	Audit Committee		
9.13.1	Where a Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	Compliant	The Audit and Risk Committee of the Company also performs the risk functions and accordingly was renamed as the Audit and Risk Committee.
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	Compliant	The Audit and Risk Committee has a written terms of reference clearly defining its scope, authority and duties.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.13.3	<p>(1) The members of the Audit Committee shall;</p> <p>(a) comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.</p> <p>(b) not comprise of Executive Directors of the Listed Company.</p> <p>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors.</p> <p>(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.</p>	Compliant	Refer 'Audit and Risk Committee Report' of this Annual Report.
9.13.3 (Contd.)	<p>(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.</p> <p>(5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation.</p> <p>(6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body</p>	Compliant	Refer 'Audit and Risk Committee Report' of this Annual Report.
9.13.4	The functions of the Audit Committee	Compliant	Refer 'Audit and Risk Committee Report' of this Annual Report.
9.13.5	<p>Disclosures in the Annual Report</p> <p>(1) Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report</p> <p>(2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)</p>	Compliant	Refer 'Audit and Risk Committee Report' of this Annual Report.
9.14	Related Party Transactions Review Committee		
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	Compliant	The Company has a Related Party Transactions Review Committee that conforms with the requirements set out in Section 9.14.1.
9.14.2	(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.3	The functions of the Related Party Transactions Review Committee	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.14.4	<p>1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.</p> <p>2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.</p>	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.4 (Contd.)	<p>3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.</p> <p>4) If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not:</p> <p>(a) be present while the matter is being considered at the meeting; and,</p> <p>(b) vote on the matter</p>	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	N/A	<p>There were no Related Party Transactions during the year which required shareholder approval.</p> <p>The Company would comply with this Rule should a need arise.</p>
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	N/A	<p>There were no Related Party Transactions during the year which required an immediate Market Announcement.</p> <p>The Company would comply with this Rule should a need arise.</p>
9.14.8 (1)	<p>Related Party Disclosures</p> <p>Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)</p>	Compliant	Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report.
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)	Compliant	Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report.



Corporate Governance

CSE Rule	Requirement	Status of Compliance	How We Comply
9.14.8 (3)	Related Party Transactions Review Committee Report <ul style="list-style-type: none"> Names of the Directors comprising the Committee Statement that committee has reviewed RPTs and communicated comments/observations to the Board Policies and procedures adopted by the Committee 	Compliant	Refer 'Related Part Transactions Review Committee Report' of this Annual Report.
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	Compliant	Refer 'Annual Report of the Board of Directors' of this Annual Report.
9.14.9	Acquisition and disposal of assets from/to Related Parties Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	N/A	The Company has not acquired or disposed of any assets from/to Related Parties. The Company would comply with this Rule should a need arise.
9.17	Additional Disclosures		
9.17	Additional disclosures by Board of Directors Declaration on following <ul style="list-style-type: none"> All material interests in contracts and have refrained from voting on matters in which they were materially interested Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so; Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations 	Compliant	Refer 'Annual Report of the Board of Director' of this Annual Report.



Risk Management

At Aitken Spence, we believe that the future is shaped by the decisions we make today. Through our philosophy of *build better before*, we adopt a proactive approach to risk management by anticipating challenges and building a stronger, more resilient foundation for the future. By addressing risks head-on before they can impact our operations, we ensure not only the sustainability of our business but also the continued success of our long-term goals. By leveraging knowledge and robust risk management culture, we safeguard business continuity while creating long-term value. We position ourselves to shape a future for sustainable growth and success, by executing timely and well-informed strategic decisions.

THE RISK LANDSCAPE

The old adage “forewarned is forearmed” has stood the test of time and its core message remains relevant as geoeconomic and geopolitical disruptions converge with climate change and advances in artificial intelligence to shape the foreseeable future, elevating potential downside risks while also creating new opportunities for growth.

Global View	Country View
<p>The global economic landscape is undergoing structural shifts driven by intensifying uncertainties and evolving geopolitical dynamics. The recent enactment of trade tariffs has amplified concerns over the trajectory of international trade and its implications for economic stability. Simultaneously, a spectrum of near and long-term risks continues to redefine the complexity of cross-border operations and strategic decision-making. These global shifts carry material implications for the Aitken Spence Group, as outlined in the key insights below.</p>	<p>Sri Lanka experienced a year of positive growth in 2024 with low to negative inflation, low interest rates, and an appreciating currency. The improvement in the sovereign rating and growth in gross official reserves to approximately USD 6.5 billion as at March 2025, reflect the progress made in building the country’s economic resilience. However, vulnerabilities still remain, stemming from the proposed tariffs and a substantial USD denominated debt and international sovereign bond repayment which falls due in the next couple of years. If CBSL is unable to build up its reserves the country may face challenges in servicing its debt obligation leading to possible default and another round of debt restructuring.</p>
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Growth	
<p>Global growth is projected to slow down to 2.3% in 2025, as uncertainty dampens growth expectations, with <i>United Nations Conference on Trade and Development (UNCTAD)</i> warning that this marks a decline below the 2.5% threshold typically associated with a recessionary phase.</p>	<p>Sri Lanka is expected to maintain its growth momentum in the medium-term supported by economic and political stability and positive investor sentiments. The industrial sector is expected to grow with the removal of import restrictions improving the availability of inputs and benefiting the construction sector while the growth in tourism improves the services sector.</p>
Tariffs and trade flows	
<p>Global trade momentum seen in late 2024 and early 2025 is expected to decline if new tariffs take effect. Trade policy uncertainty is at record levels, impacting business confidence, supply chain stability and risk management. Diminishing merchant trade would result in reduced container volumes and freight rates. South-South trade, now about one-third of global trade, is growing rapidly and offers strong regional integration opportunities.</p>	<p>The USA is Sri Lanka’s single largest export market. Any disruptions in this corridor will have far-reaching consequences in terms of export revenue and employment. Imposition of high tariffs will raise the cost of Sri Lankan products especially apparels making it more expensive. This will have detrimental impact on the apparels industry since buyers will be prompted to shift to regional competitors like India and Bangladesh whose tariffs are relatively lower. Thus, the reduction of this trade volume will have a knock-on effect on the logistics industry which will impact the profitability of freight forwarders, maritime agents, transporters and warehouse operators.</p>



Risk Management

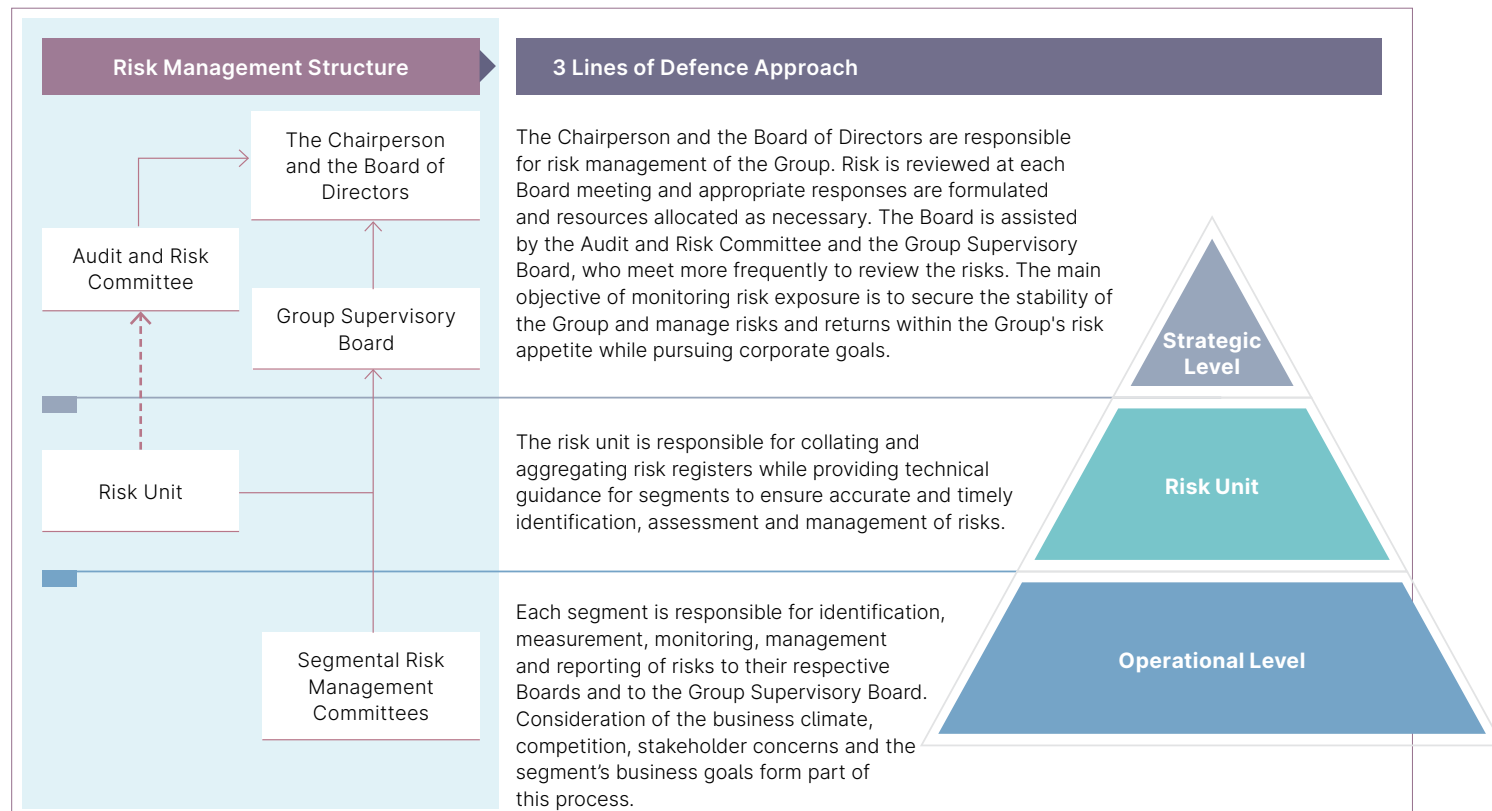
Global View	Country View
Inflation, exchange rate and interest rate	
Global headline inflation is expected to decline to 4.2% in 2025 and to 3.5% in 2026, converging back to central bank targets in advanced economies.	<ul style="list-style-type: none"> • Inflation is expected to increase to around 5% during the year in line with CBSL targets supported by appropriate policy measures. • The potential reduction in export revenue induced by tariffs will exert pressure on the local currency while making it difficult to maintain the growth momentum of the USD reserves. • Domestic interest rates are expected to remain stable. Yields on government securities are expected to remain stable supported by accommodative monetary policy, improved fiscal performance and reduced risk premia post sovereign rating improvement.
Energy	
Global oil prices are expected to follow a declining trend, as the expected increase in global oil production overtakes global oil demand. Further, the shifts in US policy regarding both the war in Gaza and Ukraine may influence price dynamics.	Energy prices are subjected to high volatility in the near term with weakening global demand and increased supply from oil producing countries.
Climate change and extreme weather events	
Ranking second in the global risk report 2025 among short-term risks and first among long-term risks, it is becoming increasingly critical with significant losses of lives, livelihoods, crops and infrastructure damages that can devastate communities and economic wellbeing.	Sri Lanka remains vulnerable to this threat with impacts felt on fisheries, agriculture and energy sectors.
Inequality and social polarisation	
This pair of risks ranks seventh and eighth in the global risk report 2025 and needs to be monitored carefully as they can lead to both domestic and geostrategic instability.	The government budget introduced a variety of social welfare measures to support the vulnerable population and increased the private sector minimum wage.



Risk Management

RISK GOVERNANCE FRAMEWORK

The Group has a well-established risk management structure which is aligned to the three lines of defence approach, as set out below.



APPROACH TO RISK MANAGEMENT

Our risk management approach encompasses identification, analysis, evaluation, mitigation and monitoring of the geopolitical, strategic, operational, finance and environmental risks to achieve our key business objectives.

To achieve this, the Group fosters a culture of risk awareness to facilitate identification and mitigation of risks across the organisation. Segmental risk management committees play a pivotal role by ensuring the respective segment's risk management practices align with the Group's risk management policy.

The Board provides the level of acceptable risk appetite for the Group on an annual basis. It also monitors the Group's risk profile while ensuring consistency with the risk appetite. The risk appetite levels are set for the Group as well as for its segments.

Highlights of the year:

- In line with the Colombo Stock Exchange listing rules, the Audit and Risk Committee (formally known as the Audit Committee) was inducted with the responsibility of Group risk management.
- A Group risk management policy was reformulated stipulating broad guidelines on risk management practices.
- Segmental risk management committees comprising cross functional members were formed, with a view to further integrate Group wide risk management efforts.
- The frequency of reviewing and aggregating segmental risk registers was increased from annually to quarterly.
- The risk unit was strengthened to ensure robust compliance with the risk management framework.

Way forward:

- To facilitate real-time risk monitoring and reporting, several software solutions are being analysed by the risk unit. Real-time risk monitoring and reporting will boost the management's capabilities to formulate prompt risk responses.
- Plans are already in motion to enhance organisational risk awareness by conducting targeted training sessions and workshops on risk management. This initiative will aim to build a strong risk culture and improve staff understanding of the Group's risk framework.



Risk Management

RISK OVERVIEW

The Group's risk landscape shifted significantly during the year due to various macroeconomic and political factors. The 12 principal risks relevant to the Group are discussed below in detail.



Impact

Probability



Risk Management

Principal Risk	Risk Rating and Mitigation Plan		Capitals
1 Skills and Competency Gap <p>The harsh economic conditions which manifested after the pandemic motivated skill migration causing a talent drain. Further, rapid changes in employee expectations were also noted.</p> <p>The above impacted on the Group's ability to maintain a capable and motivated workforce.</p> <p>Employee attrition rate 34.4%</p>	2024/25	2023/24	
2 Competition and Revenue Gap <p>The Group faced increasing competitive pressure in all the markets it operates. Factors such as price wars, subdued demand and new low-cost entrants challenged the Group's market share and profitability.</p>	2024/25	2023/24	
3 Statutory and Regulatory <p>Government policies such as taxation, tariffs and foreign investment regulations are key as to how the Group conducts business. Thus, changes in policy direction play a key role in shaping outcomes.</p> <p>Industry-specific legislation changes in multiple segments may necessitate operational modifications, thus frequent legislative changes not only increase the risk and also increase the cost of compliance.</p>	2024/25	2023/24	







Risk Management

Principal Risk	Risk Rating and Mitigation Plan		Capitals
4 Geopolitical The present geopolitical tension has dampened the global growth forecast. Armed conflicts and rising trade wars could result in rapid inflation, supply chain disruptions and alteration of market dynamics. 	2024/25	2023/24	
5 Economic Geopolitical rifts resulting from tariffs and retaliatory tariffs between global superpowers will invariably strain the already fragile global economy. This in turn increases the recessionary risk in developed economies, which will have a knock-on effect on the regions in which the Group operates. This can have far-reaching consequences in multiple sectors impacting the Group's overall performance. <div> <div>Global GDP growth (calendar year 2024)</div> <div>3.3%</div> </div> <div> <div>Sri Lanka GDP growth (calendar year 2024)</div> <div>5.0%</div> </div> 	2024/25	2023/24	
6 Occupational Health and Safety Risk of possible mishap to the health and safety of employees, customers and other stakeholders of Aitken Spence. <div> <div>Number of injuries</div> <div>348</div> </div> <div> <div>Number of deaths</div> <div>1</div> </div> 	2024/25	2023/24	



Risk Management

Principal Risk	Risk Rating and Mitigation Plan		Capitals
7 Financial <p>The broad geographical presence of the Group exposes it to exchange rate risk. Unusual exchange rate fluctuations may impact on the Group negatively.</p> <p>Annual appreciation of LKR against the USD</p> <p>1.37%</p> <p>The Group's debt obligations linked to variable interest rates expose it to an interest rate risk if market conditions prompt the interest rate to move up.</p> <p>Interest rate spread (weekly AWPLR)</p> <p>Min : 8.3% Max : 10.6% Spread : 230 basis points</p> <p>Segments need to extend a considerable amount of credit to generate healthy volumes of business, which in turn exposes the Group to default risk. Defaults can adversely impact cash flow and exert pressure on the bottom line.</p> <p>Percentage of trade debtors over 90 days</p> <p>7.0%</p> <p>Factors such as sustained capital expenditures and delays in customer settlements may expose the Group to liquidity risk.</p> <p>Debt to equity ratio 0.38 Quick asset ratio 1.14</p> 	2024/25 	2023/24 	
<ul style="list-style-type: none"> • Close monitoring of forex markets by Group Treasury to identify key factors affecting exchange rate fluctuations and identifying possible future trends. • Use of hedging mechanisms (forward contracts, etc.) to minimise the impact. • A currency flow matching strategy is practiced where possible. • Maintaining forex assets to hedge the translation losses on forex liabilities and vice-versa. • Close monitoring of interest rates continuously to identify possible future trends. • The Group maintains strong relationships with lenders which enable sourcing of funds at optimum interest rates and through negotiations attempts to borrow at the least possible cost. • Borrowing long-term at or near the bottom of an interest rate cycle. • Performing interest rate arbitrage where possible to increase returns while minimising interest expenses. • The Group Treasury continuously monitors market interest rates and timely measures are taken to maximise the return on financial investments and minimise the cost of borrowing. • Enforce strict credit policies and conduct regular reviews on credit control mechanisms. • Avoid over exposure of credit to a single customer. • Constant monitoring of forecasted cash flows to ensure liquidity. • Foster strong relationships with banking partners to ensure flexible financing options and loan restructuring options. • Strengthen receivables collection efforts while working with suppliers to secure extended or flexible payment terms. 			



Risk Management

Principal Risk	Risk Rating and Mitigation Plan		Capitals
8 Extreme Weather Events <p>The Group faces risks from extreme weather events including heavy rainfall, floods, droughts, storms and other natural disasters which could disrupt operations, damage infrastructure, hinder supply chain and impact employee commute. The altered weather patterns may cause crop damage which will result in low harvest in the plantation segment, while the renewable energy plants may experience a decline in generation.</p> <p>River water level and flood warnings issued 570</p> <p>Landslide warning issued 118</p>	2024/25	2023/24	
9 Social Unrest and Conflicts <p>Such events could critically hinder the recovering tourism industry in Sri Lanka and Maldives. Further, a seemingly normal protest could escalate into violence quickly resulting in loss to property and personnel.</p> <p>Maritime piracy around popular trade routes in Southeast Asia and Africa have resulted in supply chain disruptions and increased shipping rates.</p>	2024/25	2023/24	
10 Malfunction and Breakdowns <p>Majority of the Group's businesses rely on heavy machinery, equipment, fleet of vehicles and systems. Malfunctions and breakdowns can lead to disruptions in business processes, increased downtime and additional costs for repairs or replacements.</p>	2024/25	2023/24	



Risk Management

Principal Risk	Risk Rating and Mitigation Plan		Capitals
11 Reputational The Group interacts with millions of customers and stakeholders annually across various industries, which brings inherent reputational risks. If not properly addressed, certain incidents may significantly impact stakeholder trust and brand value. Furthermore, the widespread use of social media allows individuals to rapidly share their experiences both positive and negative, amplifying their influence on the Group's reputation. <div> </div>	2024/25	2023/24	
12 Technology and Cybersecurity Several of the Group's business operations can be adversely affected by cyber incidents via targeted attack from a hacker, collateral damage as a result of non-targeted attack, insider attack and accidental cyber incidents or any combination of these. System crashes, poor data backup practices, difficulties in integrating ERPs etc. could lead to reputation loss, disruptions, data leakages and business continuity issues. Total vulnerabilities detected and treated 31 <div> </div>	2024/25	2023/24	

CONNECTIVITY WITHIN THE ANNUAL REPORT

The following sections of this report are connected to the annual report, as set out below:



- Corporate Governance - Refer to the corporate governance section on page 100, which provides context for the company's approach to risk governance.
- Capital reports - These set out how the risks were managed and for each risk, the report provides references to the relevant capitals for more detailed information.
- Natural Capital report - Refer to the natural capital section on page 325, which provides a detailed overview of climate-related risks and opportunities and their implications for the Group's sustainability and long-term value creation.
- Operating environment - Refer to this section on page 36, which outlines the risk environment that prevailed during the year by providing an overview of the external macroeconomic factors influencing the Group's operations.
- Sector reviews - These set out the risks and opportunities identified by each segment, along with their strategic objectives, providing a clear linkage between segment-level insights.
- Determining Materiality - Materiality was considered as set out on page 68, when compiling the segment-wise risks and mapping them to the Group's principal risks.
- Awards and Accolades - Refer to page 26 for recognitions received at the Group level during the financial year 2024/25.


































Risk Management

OPPORTUNITIES

The Group's presence across diverse sectors and regions, investments in infrastructure and abundance of intellectual, human, and social capital provides significant headroom and capacity to seize high potential business opportunities that will shape the future.

The opportunities that the Group can explore are set out below:

Opportunity	Group Strategy	Sectors
Strengthening regional presence <ul style="list-style-type: none"> The Maritime and Freight Logistics sector will seek opportunities for geographical diversification within Asia and further enhance its dominance with transshipment business. Destination management will continue its current strategy of developing the regional markets. Forging new partnerships for growth. 	 	 
Transition to clean and renewable energy <ul style="list-style-type: none"> Investments in renewable energy power plants. All segments are shifting to EV solutions for machinery such as forklifts etc. All sectors seeking to increase capacity in clean energy solutions. 	  	   
Rapid evolution of digital technologies <ul style="list-style-type: none"> Ongoing organisation-wide digital transformation drives productivity and deeper insights into revenue management. 	  	   
Rapid evolution of biotechnology <ul style="list-style-type: none"> Investments in research and innovation in the plantation segment taking into consideration the extreme weather patterns to sustain biodiversity and ecosystems. 	 	
Changing consumer trends <ul style="list-style-type: none"> Hotel segment to differentiate properties to cater to changing tourism trends. Introducing revolutionary solutions for money transfer services. 	  	 
Building future talent pools <ul style="list-style-type: none"> Strengthening the country's tertiary education and vocational training through the education segment of Maritime and Freight Logistics sector. Expansion of internship and management trainee program. Providing opportunities for youth through the Aitken Spence hotel schools. 		   



Report of the Senior Independent Director

In compliance with Rule 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 06th February 2025, following the appointment of Ms. D.S.T. Jayawardena as the Executive Chairperson of the Company.

The Board has a strong representation of Independent Directors that helps to maintain objectivity of the Board which is vital for sound corporate governance. The objective of the appointment of a Senior Independent Director is to ensure the greater independent element in proceedings of the Board and in all deliberations by the Board either at Board meetings or in resolutions circulated amongst the Board.

The SID provides guidance to the Chairperson on matters of governance of the Company and the role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board. The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

The change in the office of Chairman, which necessitated my appointment as SID took place towards the tail end of the financial year due to which the meetings with the Non-Executive Directors without the presence of the Executive Directors could not be held before the end of the financial year. However, steps will be taken to ensure that such deliberations and meetings are held with the Non-Executive Directors during the current financial year.

However, it should be noted that even though the Non-Executive Directors did not have separate meetings as envisaged by Rule 9.6.3 (b) I have witnessed that the Non-Executive Directors who form three fourths (3/4) majority of the Board of Directors have been effecting a positive influence on all deliberations and decision making.

M R Mihular
Senior Independent Director

Colombo
12th June 2025



Nominations and Governance Committee Report (GRI 2-10)

The Nominations Committee of the Company was renamed as the Nominations and Governance Committee and reconstituted in compliance with Rule 9.11.1 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

Independent Non-Executive Director — Non-Executive Director —

Composition effective up to 29.12.2024	Composition from 30.12.2024 to 28.03.2025	Current Composition effective from 28.03.2025
Mr. R.N. Asirwatham - Chairman*	Mr. P. Englisch - Chairman*	Mr. P. Englisch - Chairman
Mr. J.M.S. Brito	Dr. R.A. Fernando *	Dr. R.A. Fernando
Deshamanya D.H.S.Jayawardena	Mr. C.J. Sevilla*	Mr. C.J. Sevilla
	Mr. J.M.S. Brito	Mr. J.M.S. Brito
	Deshamanya D.H.S. Jayawardena**	Mr. C.R. Jansz*
*Ceased to be a Member of the Committee on 29.12.2024	* Appointed to the Committee w.e.f. 30.12.2024 **Ceased to be a Member of the Committee on 03.02.2025	*Appointed to the Committee w.e.f. 28.03.2025

COMMITTEE MEETINGS

The Committee had deliberations online and has transacted business through Circular Resolutions.

RESPONSIBILITIES OF THE COMMITTEE

- The Terms of Reference of the Committee sets out the authority, composition, scope and responsibilities of the Committee taking into consideration the Corporate Governance requirements set out in the Listing Rules of the Colombo Stock Exchange.
- Evaluation of the quality and composition of the Boards of Aitken Spence PLC and the subsidiary companies.
- Ensuring that the Boards of Aitken Spence PLC and its Group companies are well balanced and diversified in terms of effectiveness and composition. Suitable candidates are identified as Directors whilst ensuring that Boards consist of Directors with vast knowledge, experience, competency and entrepreneurial skills to advance the effectiveness of the Boards. The Committee periodically reviews the structure, size and composition of the Boards of the Group Companies.
- Evaluation of the performance of the Board, its committees and individual Directors to ensure that their responsibilities are satisfactorily discharged.
- Review the Policy for the appointment, re-appointment, re-election and election of Directors to the Boards of the Group Companies, as well as their succession planning and suggesting amendments where necessary.

KEY FUNCTIONS OF THE COMMITTEE

The Committee reviews and makes recommendations that are fair, free from any bias and not influenced by personal or business relationships, thereby enabling the Company to make sound and measured judgments in order to attract the best talent to the Group. During the financial year 2024/2025 the Committee performed the following functions:

- Ensured the diversity and effectiveness of the Board of Aitken Spence PLC and the Boards of its Group companies as well as the Key Management Personnel (KMPs).
- Reviewed and recommended necessary appointments to the Boards of the Group companies whenever necessary.
- Evaluated and recommended suitable internal and external candidates to higher levels of management.



Nominations and Governance Committee Report

- Evaluated the eligibility of the Directors who have offered themselves for re-appointment and re-election to the Board considering the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities and made necessary recommendations to the Board.
- Evaluated the combination of varied skills, knowledge and experience of the Directors of the Company and of the Group companies.
- Ascertained that the competencies of Directors are adequate to meet the required strategic demands of the Group.
- Ensured that any significant issues concerning the Company were communicated to the Independent Directors and special board meetings convened as and when necessary to discuss important or critical matters with the Board.
- Updated existing Directors and newly appointed Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations.
- Ensured that the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange have been met.

INDEPENDENCE OF DIRECTORS

The Committee evaluated the independence of the current Board of Directors based on the declarations submitted by the respective Directors in accordance with the requirements of the revised Listing Rules of the Colombo Stock Exchange. The Committee determined that four out of twelve Directors were Independent as per the criteria set out on the Listing Rules of the Colombo Stock Exchange.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Articles of Association of the Company require that One Third (1/3) of all the directors except the Chairman, Chief Executive, Managing or Joint Managing Director, retire by rotation and being eligible submit themselves for re-election at the AGM.

Mr. R.N. Asirwatham, Mr. J.M.S. Brito, Mr. N.J. de S. Deva Aditya, Dr. R.M. Fernando and Mr. C.R. Jansz who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210 and 211 of the Companies Act No. 7 of 2007, have offered themselves for re-appointment. The said Directors were last re-appointed at the Annual General Meeting held on 06th August 2024.

Mr. M.R. Mihular - appointed on 2nd December 2024, Dr. R.A. Fernando and Messrs P. Englisch, C.J. Sevilla - appointed on 30th December 2024 and Mr. C.H. Gomez - appointed on 1st April 2025 retire in terms of Article 90 of the Articles of Association and have offered themselves for re-election at the forthcoming Annual General Meeting.

None of the Directors who are being proposed for election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

Having given due consideration to each Director's performance, the Committee recommends that the said Directors are eligible for re-appointment and re-election as the case may be.

The members of the Nominations and Governance Committee did not participate in the decisions relating to their own re-appointments.

For further information on the aforementioned Directors please refer the Annual Report of the Board of Directors on pages 159 to 164 and the Corporate Governance report on pages 100 to 136.

P. Englisch
Chairman
Nominations and Governance Committee

Colombo
12th June 2025



Remuneration Committee Report (GRI 2-19, 2-20)

COMPOSITION OF THE COMMITTEE

Independent Non-Executive Director — Non-Executive Director —

Composition effective up to 29.12.2024	Composition from 30.12.2024 to 28.03.2025	Current Composition effective from 28.03.2025
Mr. R.N. Asirwatham - Chairman*	Mr. P. Englisch - Chairman*	Mr. P. Englisch - Chairman
Mr. J.M.S. Brito	Dr. R.A. Fernando *	Dr. R.A. Fernando
Mr. C.H. Gomez*	Mr. C.J. Sevilla*	Mr. C.J. Sevilla
Mr. C.R. Jansz*	Deshamanya D.H.S. Jayawardena**	Mr. J.M.S. Brito
	Mr. J.M.S. Brito	Mr. C.R. Jansz*
*Ceased to be Members of the Committee on 29.12.2024	* Appointed as Members of the Committee on 30.12.2024 **Ceased to be a Member of the Committee on 03.02.2025	*Appointed as a Member of the Committee on 28.03.2025

The Committee's composition complies with the requirements of Section 9.12.6 of the Listing Rules of the Colombo Stock Exchange.

INDEPENDENCE OF THE COMMITTEE

The Committee is composed of three Independent Non-Executive Directors and two Non-Independent Non-Executive Director as at the end of the financial year 2024/2025. They are independent of management and are completely free from any business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgement. The members of the Committee refrain from taking part in determining their own remuneration.

REMUNERATION COMMITTEE MEETING ATTENDANCE

The Committee met twice during the year under review. Ms. D.S.T. Jayawardena, Chairperson together with Dr. M.P. Dissanayake, Deputy Chairman and Managing Director and Mr. S.N. Muttiah, Group Chief Human Resource Officer attended the meeting by invitation.

Remuneration Committee Members	Remuneration Committee Members Meetings			Total Meetings Attended
	1st Meeting		2nd Meeting	
	29.08.2024	03.09.2024	27.12.2024	
Mr. R.N. Asirwatham	✓	✓	✓	2/2
Mr. J.M.S. Brito	✓	✓	✓	2/2
Mr. C.H. Gomez	✓	EX	✓	2/2
Mr. C.R. Jansz	✓	✓	✓	2/2
Deshamanya D.H.S Jayawardena	✓	✓	EX	1/2
Mr. P. Englisch	N/A			
Dr. R.A. Fernando	N/A			
Mr. C.J. Sevilla	N/A			

N/A - Not applicable, meeting was held prior to the appointment or after the resignation/cessation.

Excused

Absent



Remuneration Committee Report

THE REMUNERATION POLICY

The Group follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors, Key Management Personnel (KMPs) and the Executives. The Committee recognises the importance of formulating remuneration packages that effectively motivate, attract and retain the Directors, KMPs and Executives of the Company, taking into account the employment conditions of the Group Companies and the relevant industries.

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

Key Responsibilities of the Committee

- Determine remuneration policy for Directors, Key Management Personnel and Executives.
- Decide individual remuneration packages, including termination compensation.
- Evaluate performance of Managing Directors, Executive Directors and Executives.
- Review Committee's Terms of Reference regularly to ensure industry best practices.

Functions of the Committee

The Committee's decisions were determined based on the following principles and policies:

Remuneration Policy

- Evaluated the Group Remuneration Policy against the current market trends and industrial norms.
- Reviewed and ensured the implementation of the Group Remuneration Policy.
- Reviewed the policy of the remuneration package of the Directors and the Key Management Personnel.
- Reviewed the specific application of the Group Remuneration Policy to the Chairperson, Deputy Chairman and Managing Director and Executive Directors and general application of the Group Remuneration Policy to the Key Management Personnel below the Directorate of the Company.

Performance Based Remuneration

- Evaluated the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Executives of the Strategic Business Units.
- Reviewed, monitored and evaluated performance of Key Management Personnel as well as their management development and succession planning.

Performance Incentives

- Evaluated the achievements as well as unaccomplished targets and results which are considered to determine performance-based incentives.

Remuneration of Executive Directors

- Evaluated the performance of the Executive Directors.

AGGREGATE REMUNERATION OF THE EXECUTIVE AND NON-EXECUTIVE DIRECTORS

Aggregate remuneration paid to the Executive Directors and Non-Executive Directors for the financial year 2024/2025 has been disclosed under Note 9 on page 389 of the Annual Report.

R.N. Asirwatham

Chairman up to 29th December 2024
Remuneration Committee

P. Englisch

Chairman after 30th December 2024
Remuneration Committee

Colombo
12th June 2025



Audit and Risk Committee Report

ROLE OF THE AUDIT AND RISK COMMITTEE

The primary responsibility of the Audit and Risk Committee is to support the Board in independently overseeing the accuracy and integrity of financial statements, internal control systems, compliance with Group policies as well as legal and regulatory requirements, adherence to the risk management policy and make recommendations on the risk mitigation and the risk appetite to the Board.

COMPOSITION OF THE COMMITTEE

Independent Non-Executive Director — Non-Executive Director —

Composition from 01.04.2024 to 29.12.2024	Current Composition effective from 30.12.2024
Mr. R.N. Asirwatham - Chairman	Mr. M.R. Mihular - Chairman*
Mr. J.M.S. Brito	Dr. R.A. Fernando *
Mr. C.H. Gomez*	Mr. P.Englisch*
Mr. N.J. de S. Deva Aditya*	Mr. C.J. Sevilla*
	Mr. R.N. Asirwatham
	Mr. J.M.S. Brito
*Ceased to be Members w.e.f. 29.12.2024	*Appointed as Members w.e.f. 30.12.2024

The Committee is composed of six Non-Executive Directors of whom four are Independent Non-Executive Directors. An Independent Non-Executive Director who is a fellow of the Institute of Chartered Accountants of Sri Lanka is appointed as the Chairman of the Committee.

The profiles of the members are given on pages 80 to 87 of this Report.

Mr. D.D.M.A. Saparamadu – Chief Internal Auditor of Aitken Spence PLC acts as the Secretary of the Committee.

COMMITTEE MEETINGS

The Audit and Risk Committee functioned throughout the financial year and held ten meetings in semi virtual mode.

Ms. D.S.T. Jayawardena, Chairman, Dr. M.P. Dissanayake, Deputy Chairman and Managing Director, and Ms. N. Sivapragasam, Chief Financial Officer attended the meetings by invitation. Additionally, senior officers of the Group, as well as the partner from Messrs. KPMG, Chartered Accountants, responsible for the Group's external audit, attended the meetings when necessary. The attendance at the Audit and Risk Committee meetings during the year under review is as follows:

Audit and Risk Committee Members	Audit and Risk Committee Meetings										Total Meetings Attended
	21.05.2024	11.06.2024	27.06.2024	06.08.2024	04.09.2024	27.09.2024	08.11.2024	20.11.2024	19.12.2024	26.03.2025	
Mr. R.N. Asirwatham	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Mr. J.M.S. Brito	✓	✓	✓	✓	✓	AB	✓	✓	✓	✓	9/10
Mr. C.H. Gomez	✓	EX	✓	✓	✓	AB	EX	✓	✓	N/A	6/9
Mr. N.J. de S. Deva Aditya	✓	✓	✓	✓	✓	✓	EX	✓	✓	N/A	7/8
Mr. M.R. Mihular	N/A										1/1
Dr. R.A. Fernando	N/A										1/1
Mr. P. Englisch	N/A										1/1
Mr. C.J. Sevilla	N/A										1/1

N/A – Not applicable, meeting was held prior to the appointment or after the resignation/cessation.

EX – Excused

AB – Absent



Audit and Risk Committee Report

KEY RESPONSIBILITIES OF THE COMMITTEE

- Assisting the Board in carrying out its overall independent oversight functions in relation to the accuracy and integrity of the financial statements, internal control systems and compliance with Group policies, legal and regulatory requirements with a view to safeguard the interests of shareholders and other stakeholders. The scope of functions and responsibilities is adequately outlined in the Terms of Reference of the Committee, which have been approved by the Board and are regularly reviewed and updated.
- Ensuring the effectiveness of the internal controls systems, financial reporting, risk management, compliance with laws and regulations, as well as the adequacy and effectiveness of the governance processes within the Group.
- Exercising its independent oversight on internal and external assurance functions and ensuring both internal and external auditor's independence, objectivity and the effectiveness of the audit process.
- Reviewing the internal audit reports and maintaining healthy relationships with the sector senior management to ensure that precautionary measures are taken to mitigate the risk that could arise due to reported control weaknesses, procedure violations, frauds and errors.

Examining all matters relating to the Group's adopted accounting principles and policies and reviewing all material financial, operational and compliance controls.

ACTIVITIES DURING THE FINANCIAL YEAR 2024/2025

Risk Management and Internal Control

- Monitored the Group's risk management and internal control processes through detailed discussions with the Chief Internal Auditor, Executive Directors and Sector Senior Management.

- Assisted the Board in evaluating the adequacy, robustness and effectiveness of the Group's management of risk, in terms of identifying, managing and mitigating principal risks and emerging risks, in line with the risk management policy.
- Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of ethics and standards of conduct required by regulatory authorities, professional bodies and trade associations.

Financial Reporting and Financial Control

- Reviewed the Group's quarterly and annual financial statements, focusing on the following aspects:
 - Adequacy of disclosures.
 - Uniformity and appropriateness of the accounting policies adopted.
 - Major judgemental areas to ensure compliance with the Companies Act No. 7 of 2007.
 - Adherence to applicable Sri Lanka Accounting Standards and other Accounting Standards of jurisdictions in which each subsidiary operates.
 - Compliance with the Listing Rules of the Colombo Stock Exchange.
 - Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.
 - Meeting requirements of other regulatory bodies applicable to the Group.
- Discussed with the management any future accounting developments likely to affect the financial statements.
- Reviewed the budgets and strategic plans of the Group to ensure that all forward-looking statements in the annual report accurately reflect the Group's position.
- Reviewed the integrity of the Group's published financial information and all significant financial judgements and estimates made by the management.

External Audit

- Reviewed and monitored the relationship with the External Auditors including overseeing their appointment, independence, remuneration, tenure, rotation of the engagement partner and engagement for non-audit services.
- Assessed the effectiveness and the progress of the External Auditors and the audit process.
- Discussed the audited financial statements with External Auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.
- Reviewed and discussed the management letter and instructed the management to take appropriate follow up action on matters highlighted therein.

Internal Audit

- Reviewed and approved the annual audit plan after considering its depth and coverage.
- Reviewed the operation and effectiveness of the Group Internal Audit function in terms of its independence, effectiveness, competency and resource adequacy.
- Continued to ensure the coordination between Group Internal Audit department and External Auditors.
- Reviewed and discussed the audit reports submitted by the internal audit department with the management responses on financial and operational audits, information security and risk assessments carried out in line with approved annual audit plan.

Reporting

- The Chairman of the Audit and Risk Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Audit and Risk Committee meetings are also tabled at the Board meetings.
- The annual report incorporates the Audit and Risk Committee report.
- The Chairman of the Audit and Risk Committee attends the Annual General Meeting.
- The Committee has obtained



Audit and Risk Committee Report

assurances from the Deputy Chairman/ Managing Director, Chief Financial Officer and other senior management personnel that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

CONDUCT, ETHICS AND GOOD GOVERNANCE

The Audit and Risk Committee remains steadfast in its commitment to ensure that the Group adheres to the highest ethical standards in business dealings. In this regard, the Group has a Code of Ethics & Professional Conduct, robust policies such as the Whistleblowing Policy and an Anti-Bribery & Anti-Corruption Policy which mandates all staff members to be ethical, transparent and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties.

RE-APPOINTMENT OF EXTERNAL AUDITORS – MESSRS. KPMG, CHARTERED ACCOUNTANTS

The Committee perused transactions with the External Auditors and ensured that there was no significant material transaction between the External Auditors and the companies in the Group. Furthermore, the Committee was reassured that the External Auditors do not hold any shares in the Group. The Committee also obtained written assurance from the External Auditors, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Committee having considered that there were no significant material transactions between the External Auditors and the Group companies, that there were no shares held by the External Auditors, the confirmation received from the External Auditors and the periodic rotation of the Audit Partner, noted that KPMG, Chartered Accountants are independent and are eligible for re-appointment as the External Auditors of the Group. The Committee further confirms that even though the External

Auditor has been engaged from the inception of the Company, the Audit Partner overseeing the audit of the Company has been engaged for a period less than one year.

Having noted the above, the Committee recommends to the Board that Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of the Group for the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

THE YEAR AHEAD

Looking ahead to the financial year 2025/2026, the Committee's key priorities will include overseeing of the Group's risk management and internal control processes, sustaining a strong culture of risk management across the Group, continuing to monitor the impacts of climate change and taking a proactive approach in anticipating and preparing for any legislative or regulatory changes.

M.R. Mihular
Chairman
Audit and Risk Committee

Colombo
12th June 2025



Related Party Transactions Review Committee Report (GRI 2-15)

ROLE OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The role of the Related Party Transactions Review Committee is to advise the Board in relation to transactions with related parties as defined by Sri Lanka Accounting Standard - LKAS 24 and Listing Rules of the Colombo Stock Exchange. The Committee adheres to Rule 9.14 of the updated Listing Rules of the Colombo Stock Exchange, ensuring that the Company considers the interests of shareholders collectively when entering into Related Party Transactions.

COMPOSITION OF THE COMMITTEE

Independent Non-Executive Director — Non-Executive Director —

Composition from 01.04.2024 to 29.12.2024	Current Composition effective from 30.12.2024
Mr. R.N. Asirwatham - Chairman	Mr. M.R. Mihular - Chairman*
Mr. J.M.S. Brito	Dr. R.A. Fernando *
Mr. C.H. Gomez*	Mr. P.Englisch*
Mr. N.J. de S. Deva Aditya*	Mr. C.J. Sevilla*
	Mr. R.N. Asirwatham
	Mr. J.M.S. Brito
*Ceased to be Members of the Committee on 29.12.2024	*Appointed to the Committee w.e.f. 30.12.2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE MEETING ATTENDANCE

Related Party Transactions Review Committee Members	Related Party Transactions Review Committee Members				Total Meetings Attended
	27.06.2024	04.09.2024	19.12.2024	26.03.2025	
Mr. R.N. Asirwatham	✓	✓	✓	✓	4/4
Mr. J.M.S. Brito	✓	✓	✓	✓	4/4
Mr. C.H. Gomez	✓	✓	✓	N/A	3/4
Mr. N.J. de S. Deva Aditya	EX	✓	✓	N/A	2/4
Mr. M.R. Mihular		N/A		✓	1/1
Dr. R.A. Fernando		N/A		✓	1/1
Mr. P. Englisch		N/A		✓	1/1
Mr. C.J. Sevilla		N/A		✓	1/1

N/A - Not applicable, meeting was held prior to the appointment or after the resignation/cessation.
 Excused
 Absent

HIGHLIGHTS DURING THE FINANCIAL YEAR 2024/2025

- Obtained quarterly disclosures from the Key Management Personnel and the Group related companies in relation to proposed related party transactions and post quarter confirmations and the Committee reviewed all such disclosures at its quarterly meetings.
- Communicated Committee's activities to the Board by tabling the minutes of the Committee meetings, at the Board meetings.
- Fixed the thresholds at the first meeting of the financial year for Related Party Transactions which require either shareholders' approval or immediate market disclosures, as the case may be for the financial year 2025/2026 based on the Audited Financial Statements of the previous financial year.



Related Party Transactions Review Committee Report

RESPONSIBILITIES OF THE COMMITTEE

The Committee's key focus is to review all proposed Related Party Transactions prior to entering into or completion of the transaction according to the procedures laid down by Rule 9.14 of the Listing Rules of the Colombo Stock Exchange. The responsibilities of the Committee are as follows:

- Evaluate any proposed Related Party Transactions on a quarterly basis and recommend to the management and the Board, the appropriate course of action to be taken in order to be compliant with the regulations of the Listing Rules of the Colombo Stock Exchange,
- Review any post quarter confirmations on Related Party Transactions,
- Review the threshold for Related Party Transactions which require either shareholders' approval or immediate market disclosures, as the case may be,
- Review the criteria of Key Management Personnel,
- Regularly report to the Board on the Committee's activities.

KEY MANAGEMENT PERSONNEL

The Board of Directors of the Company, Directors, Vice Presidents and Assistant Vice Presidents of Subsidiary companies are construed as the Key Management Personnel of Aitken Spence to establish greater transparency and governance. Declarations from Key Management Personnel and from the Group companies are obtained quarterly for the purpose of identifying Related Party Transactions and to determine Related Party Transactions which ensures the compliance with the disclosure requirements of the Listing Rules.

KEY FUNCTIONS PERFORMED

Policies and Procedures:

- Quarterly disclosures were obtained from the Key Management Personnel of any proposed Related Party Transactions and confirmations of any post-quarter transactions. All such disclosures are tabled at each Related Party Transactions Review Committee meeting,

- Quarterly disclosures were obtained from all Group companies of any proposed Related Party Transactions and confirmations of any post-quarter transactions and all disclosures are tabled at each Related Party Transactions Review Committee Meeting,
- Non-recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements of the previous year, if any, were communicated to the Committee through the Group Company Secretaries,
- Recurrent Related Party Transactions exceeding 10% of the gross revenue of the Group as per the Audited Financial Statements of the previous year, if any, were communicated to the Committee through the Group Company Secretaries.

- Review of Related Party Transactions:
 - Reviewed all proposed Related Party Transactions as well as post quarter confirmations,
 - Activities of the Committee were communicated to the Board by tabling the minutes of the Related Party Transactions Review Committee Meetings,
 - Reviewed thresholds for Related Party Transactions which require either shareholders' approval or immediate market disclosure based on the Financial Statements for the year ended 31st March 2025.
 - Confirmed that there were no occurrence of events to be disclosed in terms of Section 9.14.7(1) and 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange.

DECLARATION BY THE BOARD

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Section 9.14.8(4) of the Listing Rules of the Colombo Stock Exchange.

M.R. Mihular
Chairman
Related Party Transactions Review Committee

Colombo
12th June 2025



The Board of Directors' Statement on Internal Controls

The Board of Directors present this Statement on Internal Control in accordance with principle D.1.5. of the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

RESPONSIBILITY

The Board acknowledges the responsibility for the adequacy and effectiveness of the Group's system of Internal Controls, which is designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information generated and safeguarding of the assets of the Group.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the systems of internal control over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Board has delegated specific responsibilities to the following four sub-committees ensuring the effectiveness of Group's daily operations and to ensure that these daily operations are within the corporate objectives, strategies and annual budget ratified by the Board.

- Audit and Risk Committee
- Nominations and Governance Committee
- Remuneration Committee
- Related Party Transactions Review Committee

These committees are chaired by Independent Non-Executive Directors and have the authority to examine particular issues and report back to the Board with their recommendations.

INTERNAL AUDIT

The internal audit department of the Group verifies compliance of operations with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance.

Audits are carried out on all strategic business units (SBUs), the frequency of which are determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of SBUs. The annual audit plan is reviewed and approved by the Audit and Risk Committee and the findings of the audits are submitted to the Audit and Risk Committee for review at their periodic meetings.

POLICIES, PROCEDURES AND BUDGETS

Policies and procedures to ensure the compliance with internal controls and relevant laws and regulations are set out in operations manuals, which are updated from time to time.

Annual budgets are approved by the respective Boards and the subsidiaries' performance are assessed against the budgets and explanations are provided for significant variances periodically to the respective Boards.

WHISTLE BLOWING POLICY

The Group encourages a whistle-blowing policy which enables employees to bring irregularities in financial reporting, internal controls or other matters within the Group to the notice of the higher management.

Proper arrangements are in place to facilitate fair and independent investigation for such matters, if any.

The prevalence and effectiveness of this policy is monitored by the Audit and Risk Committee from time to time.

The Group Code of Ethics & Professional Conduct

The Group Code of Ethics and Professional Conduct which includes a strong set

of corporate values and conduct, is circulated to Directors and all employees. The Board ensures that Directors and all employees strictly comply with the code in exercising their duties, communications, role modelling and in any other circumstance, so as to uphold the Group's integrity and image. Strict disciplinary actions are initiated for any violation of the Group code of ethics and professional conduct.

CYBER SECURITY

The Board has taken necessary precautions to minimise the risk of a security breach. During the year under review, necessary steps have been rolled out to curtail the exposure to cyber-attacks by reducing the threat surface and any potentially exploitable vulnerabilities.

GOING CONCERN

The statement of going concern is set out in the annual report of the Board Directors on page 159.

RISK MANAGEMENT

The Board has set up an ongoing process for identifying, monitoring and managing the principal and emerging risks faced by the Group.

An overview of the Group's risk management framework is set out on pages 137.

ANNUAL REPORT

The Board is responsible for the preparation of the annual report and confirm that the quarterly reports, annual financial statements and the annual review of operations of the Group and its equity accounted investees that are incorporated in this annual report have been prepared and presented in a reliable manner based on a balanced and comprehensive assessment of the financial performance of the Group.

CONFIRMATION

Based on the above processes, the Board of Aitken Spence PLC confirms that the financial reporting system of the Group has been designed to provide reasonable assurance regarding the reliability of



The Board of Directors' Statement on Internal Controls

financial reporting and the preparation of financial statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and all relevant regulatory requirements.

Moreover, the Board has conducted an evaluation of Group's internal controls encompassing financial, operational and compliance controls, risk management and have obtained a reasonable assurance of their effectiveness and proper adherence.

Ms. D.S.T. Jayawardena
Executive Chairperson

Dr. M.P. Dissanayake
Deputy Chairman and
Managing Director

Mr. M.R. Mihular
Chairman
Audit and Risk Committee

Colombo
12th June 2025



Annual Report of the Board of Directors

1. GENERAL

The Board of Directors of Aitken Spence PLC has pleasure in presenting to the Shareholders the Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2025. The details set out herein provide the pertinent information as required under Section 168 of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka and the best accounting practices.

2. PRINCIPAL BUSINESS ACTIVITIES AND THE GROUP STRUCTURE

Aitken Spence PLC is the holding company that directly or indirectly owns investments in companies which form the Aitken Spence Group. In addition to the above, the Company provides management and

related services to the Group companies. During the year, there were no significant changes in the principal activities of the Company and the Group, other than the investment in a new business operation; BPO services.

The activities of the Group are categorised into four main sectors namely Tourism, Maritime & Freight Logistics, Strategic Investments and Services. Companies within each sector and their principal activities are described on pages 501 to 512 of this Annual Report.

3. REVIEW OF OPERATIONS

A review of operational and financial performance, strategy of the Group, and the future outlook of the Company and the Group are described in greater detail in the Chairperson's Message, Deputy Chairman and Managing Director's Message and the Management Discussion and Analysis of this Annual Report.

These reports together with the Audited Financial Statements of the Company and the Group reflect the respective state of affairs of the Company and the Group.

4. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs). The Board of Directors wish to confirm that there were no changes to the accounting policies used by the Company and the Group during the year. Accounting policies adopted in the preparation of the Financial Statements of the Company and the Group are given on pages 359 to 367 and under the respective notes to the Financial Statements given on pages 368 and 480 of this Report.

5. SYNOPSIS OF THE INCOME STATEMENT OF THE COMPANY AND THE GROUP

5.1. Group Performance

For the year ended 31st March	2025	2024
	Rs. '000	Rs. '000
Net profit before tax	10,826,315	6,724,600
Provision for taxation including deferred tax	(3,647,189)	(2,272,850)
Net profit after tax	7,179,126	4,451,750
Other comprehensive loss (net of tax)	(153,252)	(2,264,215)
Total comprehensive income for the year	7,025,874	2,187,535
Total comprehensive income attributable to the minority shareholders	(2,033,776)	(1,364,383)
Total comprehensive income attributable to equity shareholders	4,992,098	823,152
Transactions directly recognised in the equity statement	131,091	232,592
Balance brought forward from the previous year	71,700,981	72,269,221
Amount available for appropriations	76,824,170	73,324,965
Final Dividend	(1,725,483)	(1,623,984)
Total reserves and earnings	75,098,687	71,700,981
Stated Capital	2,135,140	2,135,140
Balance attributable to equity holders of the Company at the end of the period	77,233,827	73,836,121



Annual Report of the Board of Directors

5.2. Revenue and Profits

Revenue generated by the Company during the year amounted to Rs. 1,579.2 million (2023/2024 – Rs. 1,265.6 million). The Group revenue was Rs. 95,094.8 million. (2023/2024 – Rs. 97,486.3 million). An analysis of Group revenue based on business and geographical segments and on revenue stream are disclosed in Notes 6 and 7 to the Financial Statements. The profit after tax of the Company was Rs. 1,646.5 million (2023/2024 – loss Rs. 43.9 million). The Group reported a profit after tax of Rs. 7,179.1 million. (2023/2024 – Rs. 4,451.8 million) The Group's profit attributable to the equity shareholders of the parent company for the year was Rs. 5,330.9 million (2023/2024 – Rs. 2,928.2 million). The segmental profits are disclosed in Note 6 to the Financial Statements.

5.3. Donations

During the year donations amounting to Rs. 300,000.00 (2023/2024 – Rs. 50,000.00) were made by the Company, while the donations made by the other Group entities during the year amounted to Rs. 2.1 million (2023/2024 – Rs. 2.1 million).

5.4. Taxation

A detailed statement of the income tax rates applicable to the individual companies in the Group and a reconciliation of the accounting profits with the taxable profits are provided in Note 12 to the Financial Statements. It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group are given in Notes 22 and 32 to the Financial Statements. The deferred tax of the Company and the Group are calculated based on the tax rates that are specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto and the tax rates specified in the foreign jurisdictions in which the Company and the Group operate.

5.5. Dividends

The Directors recommended a First and Final dividend payment of Rs. 4.00 per share for the year ended 31st March

2025. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the payment of the First and Final dividend.

6. SYNOPSIS OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

6.1. Stated Capital and Reserves

As at 31st March 2025, the Company had issued 405,996,045 ordinary shares and the stated capital of the Company was Rs. 2.1 billion. The Company's retained earnings and reserves as at 31st March 2025 were Rs. 24.1 billion (2023/2024 – Rs. 24.2 billion) whereas the total Group's retained earnings and reserves as at 31st March 2025 were Rs. 75.1 billion (2023/2024 – Rs. 71.7 billion). The movement in these reserves is shown in the statement of changes in equity – Company and Consolidated on pages 364 and 362 respectively.

6.2. Property, Plant and Equipment, Investment Property, Intangible Assets, Biological Assets and Right-of-Use Assets

The details of property, plant and equipment, investment properties, intangible assets, biological assets and right of used assets of the Company and the Group where applicable, are given in Notes 15 to 19 to the Financial Statements on pages 399 to 411.

Information in respect of extent, location, valuation of land and building held by the Company and Group are detailed in Note 15.3 and Note 16.3 to the Financial Statements.

6.3. Contingent Liabilities

The details of contingent liabilities are disclosed in Note 39.1 to the Financial Statements.

7. EVENTS OCCURRING AFTER THE REPORTING DATE

No post balance sheet events of material significance that require adjustments to the Financial Statements have arisen other than that is disclosed in Note 43 to the

Financial Statements.

8. GOING CONCERN

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Therefore, the going concern has been adopted in the preparation of the Financial Statements. Basis of conclusion on the going concern for the Company and the Group is further described in Note 2.10 under Basis of preparation.

9. INFORMATION ON THE BOARD OF DIRECTORS AND THE BOARD OF SUB COMMITTEES

9.1. Board of Directors

The names of the Directors who held office during the Financial Year 2024/2025 are given below. The brief profiles of the Board of Directors are given on pages 80 to 87 of this Annual Report.

Executive Directors

- Ms. D.S.T. Jayawardena - Chairperson (Appointed as the Chairperson w.e.f. 06th February 2025)
- Dr. M.P. Dissanayake - Deputy Chairman and Managing Director
- Dr. R.M. Fernando

Non-Independent Non-Executive Directors

- Deshamanya D.H.S. Jayawardena (Deceased on 03rd February 2025)
- Mr. J.M.S. Brito
- Mr. N.J. de S. Deva Aditya
- Mr. R.N. Asirwatham
- Mr. C.R. Jansz
- Mr. M.A.N.S. Perera (Resigned w.e.f. 25th November 2024)
- Mr. C.H. Gomez (Resigned w.e.f. 30th December 2024 and appointed w.e.f. 01st April 2025)

Independent Non-Executive Directors

- Mr. M.R. Mihular (Appointed w.e.f. 02nd December 2024)



Annual Report of the Board of Directors

- Dr. R.A.Fernando (Appointed w.e.f. 30th December 2024)
- Mr. P. Englisch (Appointed w.e.f. 30th December 2024)
- Mr. C.J. Sevilla (Appointed w.e.f. 30th December 2024)

All of the above Directors held office during the entire year, with the exceptions of Deshamanya D.H.S. Jayawardena, Mr. M.R. Mihular, Dr. R.A. Fernando, Mr. P. Englisch, Mr. C.J. Sevilla and Mr. C.H. Gomez.

With profound sadness, the Board reports the demise of Deshamanya D.H.S.

Jayawardena on 03rd February 2025. Deshamanya D.H.S. Jayawardena served as a main Board Director of Aitken Spence PLC since 2000 and as its Chairman since 2003. He also served as a Member of the Nominations and Governance Committee and the Remuneration Committee prior to his untimely demise on 3rd February 2025.

Mr. M.A.N.S. Perera and Mr. C.H. Gomez who served as Directors resigned from the Board with effect from 25th November 2024 and 30th December 2024, respectively. However, Mr. C.H. Gomez was appointed as a Non-Independent Non-Executive Director on 01st April 2025.

The basis on which Directors are classified as Independent Non-Executive Directors is discussed on page 108 of the Corporate Governance Report. All the Directors have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the year under review and as at the date of such confirmation.

9.2 Board Subcommittees

The following Directors served as members of the Audit and Risk Committee, the Related Party Transactions Review Committee, the Remuneration Committee and the Nominations and Governance Committee.

Committee	Composition from 01.04.2024 to 29.12.2024	Composition from 30.12.2024 to 28.03.2025	Composition from 29.03.2025
Audit and Risk Committee	Mr. R.N. Asirwatham - Chairman Mr. J.M.S. Brito Mr. C.H. Gomez Mr. N.J.de S. Deva Aditya	Mr. M. R. Mihular - Chairman Dr. R. A. Fernando Mr. P. Englisch Mr. C.J. Sevilla Mr. R.N. Asirwatham Mr. J.M.S. Brito	Mr. M.R. Mihular - Chairman Dr. R.A. Fernando Mr. P. Englisch Mr. C.J. Sevilla Mr. R.N. Asirwatham Mr. J.M.S. Brito
Remuneration Committee	Mr. R.N. Asirwatham - Chairman Mr. J.M.S. Brito Mr. C.H. Gomez Mr. C.R. Jansz	Mr. P. Englisch - Chairman Dr. R.A. Fernando Mr. C.J. Sevilla Deshamanya D.H.S. Jayawardena* Mr. J.M.S. Brito	Mr. P. Englisch - Chairman Dr. R.A. Fernando Mr. C.J. Sevilla Mr. J.M.S. Brito Mr. C.R. Jansz
Nomination and Governance Committee	Mr. R.N. Asirwatham - Chairman Deshamanya D.H.S. Jayawardena Mr. J.M.S. Brito	Mr. P. Englisch - Chairman Dr. R.A. Fernando Mr. C.J. Sevilla Mr. J.M.S. Brito Deshamanya D.H.S. Jayawardena*	Mr. P. Englisch - Chairman Dr. R.A. Fernando Mr. C.J. Sevilla Mr. J.M.S. Brito Mr. C.R. Jansz
Related Party Transactions Review Committee	Mr. R.N. Asirwatham - Chairman Mr. J.M.S. Brito Mr. C.H. Gomez Mr. N.J.de S. Deva Aditya	Mr. M.R. Mihular - Chairman Dr. R.A. Fernando Mr. P. Englisch Mr. C.J. Sevilla Mr. R.N. Asirwatham Mr. J.M.S. Brito	Mr. M.R. Mihular - Chairman Dr. R.A. Fernando Mr. P. Englisch Mr. C.J. Sevilla Mr. R.N. Asirwatham Mr. J.M.S. Brito

*Deshamanya D.H.S. Jayawardena ceased to be a Member of the Committee from 03.02.2025.



Annual Report of the Board of Directors

9.3 Recommendation for Re-ApPOINTment and Re-election

Upon the recommendation of the Nominations and Governance Committee, the Board resolved to recommend that Mr. R.N. Asirwatham, Mr. J.M.S. Brito, Mr. N.J. de S. Deva Aditya, Dr. R.M. Fernando and Mr. C.R. Jansz who are over 70 years of age and vacate office in terms of Section 210(2) of the Companies Act, be re-appointed as Directors in terms of Section 211 of the Companies Act No. 7 of 2007, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Directors. Resolutions to this effect will be proposed at the forthcoming Annual General Meeting.

Dr. R.A. Fernando and Messrs. Mr. M.R. Mihular, P. Englisch, C.J. Sevilla and C.H. Gomez retire in terms of Article 90 of the Articles of Association and offer themselves for election at the forthcoming Annual General Meeting and the Board, upon the recommendation of the Nominations and Governance Committee, has resolved to recommend their re-election at the forthcoming Annual General Meeting.

9.4 Directors' Shareholding

The Directors' shareholdings are provided in the Investor Information section on page 345 of this Annual Report.

9.5 Interest Register

An Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Sections 192 and 200 of the Companies Act No. 7 of 2007 are duly recorded in the Interest Register.

9.6 Directors' Remuneration

The Directors' remuneration and fees in respect of the Company and the Group for the Financial Year ended 31st March 2025 are disclosed in Note 9 to the Financial Statements.

9.7 Related Party Transactions

Related Party Transactions of the Group are disclosed in Note 40 to the Financial Statements. These are Recurrent and Non-Recurrent Related Party Transactions, which required disclosures in the Annual Report in accordance with the Sri Lanka Accounting Standard - LKAS 24 – Related Party Disclosures. However, there were no Recurrent Related Party Transactions which in aggregate value exceeded 10% of the consolidated revenue of the Group as per the Audited Financial Statements as at 31st March 2024.

There were no Non-Recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements as at 31st March 2024, which required additional disclosures in the Annual Report under Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange.

The Group companies and their Key Management Personnel have disclosed on a quarterly basis, the proposed Related Party Transactions (if any) falling under the ambit of Rule 9.14.8(1) and (2) of the Listing Rules of the Colombo Stock Exchange. The disclosures so made were tabled at the quarterly meetings of the Related Party Transactions Review Committee, in compliance with the requirements of the above mentioned rule.

The Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2025.

9.8 Subsidiary Board of Directors

The names of Directors of the subsidiaries and joint venture companies who held office as at 31st March 2025 and Directors who ceased to hold office during the accounting period are indicated on pages 501 to 512 of this Annual Report.

10. HUMAN RESOURCES

The human resources strategies applied and practiced by the Group in the regions in which the Group operates has translated into the creation of a dynamic and competent human resource team. The strategies adopted in motivating and retaining the Group's employees are discussed in "Human Capital" on pages 285 to 302 of this Annual Report.

11. GOVERNANCE

The Directors declare that:

- the Group has not intentionally engaged in any activity which contravenes national and international laws. The Group rigidly adheres to relevant national and international rules, regulations, and codes of Professional Institutes and Associations, Industrial Associations, Chambers of Commerce and other regulatory bodies.
- the Company complies with the Corporate Governance Rules contained in Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The measures taken and the extent to which the Company has complied with the said Section and the Code are given on pages 125 to 136 of the Corporate Governance Report of this Annual Report.
- the Group applies high standards to protect and nurture the environment in which it operates and ensures strict adherence to all environmental laws and practices. The Group's efforts to conserve non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Natural Capital on pages 325 to 344.
- the Company has no restrictions with regard to shareholders carrying out appropriate analysis or obtaining independent advice regarding their investment in the Company and has made all endeavours to ensure the equitable treatment of shareholders.



Annual Report of the Board of Directors

- they have declared all material interests in contracts involving the Company and the Group and refrained from voting on matters in which they were materially interested.
- none of the Directors or Close Family Members of the Directors have any material business relationships with other Directors of the Company.
- they have conducted an evaluation of the Group's Internal Controls encompassing financial, operational, and compliance controls, as well as risk management and have obtained a reasonable assurance of their effectiveness and proper adherence.
- they have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.

12. RISK MANAGEMENT

The Directors have established and adhered to a comprehensive risk management framework at both Strategic Business Units and Group levels to ensure the achievement of their corporate objectives. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigating strategies are adopted by the Group. The Board of Directors reviews the risk management process through the Audit and Risk Committee. The Risk Management Report of the Group is on pages 137 to 146 of this Report.

13. INTERNAL CONTROLS

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

The Board of Directors' Statement on Internal Controls on pages 157 to 158, the Statement of Directors' Responsibilities

on page 354 and the Audit and Risk Committee Report set out on pages 152 and 154 of this Report provide further information in respect of the above.

14. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities on page 354 of this Annual Report.

15. INTEGRATED ANNUAL REPORT

The Board of Directors acknowledges its responsibility to ensure the integrity of the Annual Report and to ensure that it provides a balanced view of its performance addressing all material issues that may have an impact on the Group's capacity to create value. The Board is of the opinion that the Integrated Annual Report of Aitken Spence PLC for the Financial Year ended 31st March 2025 is presented in accordance with the GRI Universal Standards for Sustainability Reporting and the Guidelines set out in the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework.

16. CORPORATE SUSTAINABILITY

The Board of Directors provides oversight and support for the Group's integrated sustainability strategy and framework, driven by a dedicated network across the organisation. During the year, the Board approved the Group's near-term net-zero targets for 2030, based on a 2019/20 baseline, which have been submitted to the Science Based Targets initiative (SBTi) for validation.

The Group's achievements in Key Performance Indicators, along with the awards and accolades received during the year, underscore its ongoing commitment to aligning with global standards across multiple areas influencing growth. Comprehensive insights into the Group's sustainability initiatives can be

found in the executive reviews and the management discussion and analysis.

17. SHAREHOLDER INFORMATION

There were 4,636 shareholders as at 31st March 2025. The distribution schedule of the number of shareholders and their shareholdings are detailed on pages 348 to 349 of this Annual Report. The names of the twenty largest shareholders together with their shareholdings as at 31st March 2025 are given on page 349 of this Annual Report. The percentage of the shares held by the public as at 31st March 2025 was 47.5% which was in the hands of 8 public shareholders.

Information relating to earnings per share and the net assets per share for the Company and Group, the dividend per share and the closing price per share are given on pages 347 and 346 of this Annual Report.

18. AUDITORS

The independent Auditors' Report on the Financial Statements is given on pages 355 to 358 of the Annual Report. The retiring Auditors Messrs. KPMG, Chartered Accountants have expressed their willingness to continue in office and a resolution to re-appoint them as Auditors and to authorise the Board to determine their remuneration will be proposed at the Annual General Meeting of the Company.

The audit fees payable for the year to the Company Auditors Messrs. KPMG, Chartered Accountants was Rs. 2.3 million (2023/2024 – Rs. 2.1 million). In addition to the above Rs. 4.3 million (2023/2024 – Rs. 4.0 million) was payable by the Company for permitted non-audit related services. Messrs. KPMG, Chartered Accountants, the Auditors of the Company are also the Auditors of certain subsidiaries, joint ventures and associate companies of the Group. The details of the subsidiaries, joint ventures and associate companies audited by them are included on pages 501 to 512 of this Annual Report.



Annual Report of the Board of Directors

The amount payable by the Group to Messrs. KPMG, Chartered Accountants as audit fees was Rs. 32.1 million (2023/2024 – Rs.30.1 million) while a further sum of Rs. 16.0 million (2023/2024 – Rs. 16.7 million) was payable for permitted non-audit related services. In addition to the above Rs. 16.0 million (2023/2024 – Rs. 16.1 million) was payable to other auditors for carrying out audits of the subsidiaries conducted by them. The amount payable to such other auditors for permitted non-audit related services was Rs. 26.5 million (2023/2024 – Rs. 17.7 million). As far as the Directors are aware, the Auditors have no other relationship with the Company or any of its subsidiaries, joint ventures and equity accounted investees that would have an impact on their independence.

19. ANNUAL GENERAL MEETING.

The Seventy Third (73rd) Annual General Meeting of the Company will be held at No. 315, Vauxhall Street, Colombo 02 on Friday, 04th July 2025 at 10.00 a.m., as a virtual meeting using a digital platform. A Notice of Meeting of the 73rd Annual General Meeting is available on page 518.

By order of the Board of Directors,

Ms. D.S.T. Jayawardena
Executive Chairperson

Dr. M.P. Dissanayake
Deputy Chairman and
Managing Director

Aitken Spence Corporate Services (Private) Limited
Company Secretaries

12th June 2025
Colombo