

CORPORATE GOVERNANCE

LEVEL OF ADHERENCE TO THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE

The table below presents the requirements laid down by the Code of Best Practice on Corporate Governance, 2017 as amended in 2023 issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and how Aitken Spence PLC has complied with each of such requirements.

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
A.1	The Board	<p>The Board is diverse and well balanced to effectively discharge its governance roles and responsibilities.</p> <p>All Directors are eminent professionals in their respective fields who bring varied perspectives to Board deliberations and constructively challenge management.</p>	Compliant
A.1.1	Regular Meetings	Refer 'Effective Board Meetings' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.1.2	Role and Responsibilities of the Board	Refer the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.1.3	Compliance with laws and access to independent professional advice	<p>The Board ensures that the Company as well as its Directors act in accordance with the laws of the country as applicable to the Company.</p> <p>In discharging its duties, the Board seeks independent professional advice from external parties when necessary, at the Company's expense.</p>	Compliant
A.1.4	Access to advice from the Company Secretary	Refer 'Role of the Company Secretaries' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.1.5	Independent judgment of the Directors	The Board comprises of professionals who exercise independent judgement in discharging their duties.	Compliant
A.1.6	Dedicating adequate time and effort	All Directors devote sufficient time to the affairs of the Company to facilitate discharge of their duties effectively. Board papers are circulated at least one week prior to the meeting providing sufficient time to review and call for any further information required to contribute effectively to the deliberations at the Board Meeting.	Compliant
A.1.7	Calls for resolutions	One third of the Directors may call for a resolution to be presented to the Board in the best interests of the Company.	Compliant
A.1.8	Training of Directors	Refer 'Induction and Director Learning' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.2	Chairman and Chief Executive Officer	Refer 'Segregation of Key Roles' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.3	Chairman's role	Refer 'Role of the Chairman' of the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.4	Financial Acumen	As apparent from the profiles of the Board, the Directors with their academic and/or entrepreneurial, financial skills and business acumen contribute substantial value and independent judgment to decision making on matters concerning financial investment.	Compliant
A.5	Board Balance	Refer the Corporate Governance Report of the Annual Report 2023/24.	Compliant

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A.6	Supply of Information	<p>Directors have unrestricted access to management and organisation information, as well as the resources required to carry out their duties and responsibilities effectively. All Board members receive information regarding operations and performance of the Group on a monthly basis.</p> <p>Refer 'Effective Board Meetings' in the Corporate Governance Report of the Annual Report 2023/24.</p>	Compliant
A.7	Appointment of New Directors	Refer 'Appointment, Re-election and Resignation of Directors' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.8	Re-election and Resignation	Refer 'Appointment, Re-election and Resignation of Directors' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.9	Appraisal of Board Performance	Refer 'Evaluation of Performance of the Board' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.10	Disclosure of information in respect of Directors	Refer Profiles of Directors, Annual Report of the Board of Directors and the Corporate Governance Report of the Annual Report 2023/24.	Compliant
A.11	Appraisal of the Chief Executive Officer	Refer 'Evaluation of Performance of the Board' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
B.1	Remuneration Procedure	Refer 'Director's Remuneration' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
B.2	Remuneration Committee	Refer 'Remuneration Committee Report' of the Annual Report 2023/24.	Compliant
B.3	Disclosure of Remuneration	Refer 'Remuneration Committee Report' of the Annual Report 2023/24.	Compliant
C.1	Constructive use of the Annual General Meeting (AGM) and conduct of meetings	<p>Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders within the stipulated time prescribed in the Articles of Association.</p> <p>Separate resolutions are proposed for substantially separate issues to provide shareholders the opportunity to deal with each significant issue separately.</p> <p>All proxy appointments received are duly recorded and counted in respect of each resolution on which a vote has been taken.</p> <p>In the event the appropriate number of shareholders give their intimation in writing and request for a poll, the procedure involved in voting would be communicated to the shareholders. In the absence of such intimation, all issues at the AGM will be passed by an appropriate voting method.</p> <p>The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.</p> <p>The Shareholders are informed of the procedure relating to voting at the Annual General Meeting. Every shareholder is entitled to one vote per share at a poll.</p>	Compliant

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C.2	Communication with shareholders	Refer 'Shareholder Communication' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
C.3	Major and Material Transactions	<p>During the financial year there were no major transactions which materially altered the Company's net asset base or the consolidated Group's net assets base.</p> <p>The Company is also compliant with the requirements of Rule 9.14 of the Listing Rules in terms of reviewing all related party transactions which may require shareholder disclosure/approval.</p>	Compliant
D.1.	Financial and Business Reporting	<p>The Board recognizes its responsibility to present a balanced and understandable assessment of the Group's financial position. The Board of Directors confirm that the Financial Statements of the Company and its subsidiaries have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Company has duly complied with all the relevant laws and reporting requirements of regulatory authorities. The consolidated Financial Statements and the Financial Statements of the Company were audited by Messrs. KPMG, Chartered Accountants. Annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.</p> <p>The Statement of Financial Position in the Financial Statements of this Annual Report contains a declaration by the Deputy Chairman and Managing Director and the Chief Financial Officer. The following reports are available in compliance with the Code:</p> <ul style="list-style-type: none"> ▪ Annual Report of the Board of Directors ▪ Statement of Directors' Responsibility ▪ Independent Auditor's Report ▪ The Board of Directors' Statement of Internal Control ▪ Management Discussion & Analysis ▪ Related Party Transactions have been disclosed in the Financial Statements and the processes followed by the Company in the Related Party Transactions Review Committee Report of the Annual Report 2023/2024. <p>In the unlikely event that the net assets of the Company fall below half of the shareholders' funds, the shareholders of the Company would be notified and an Extraordinary General Meeting would be called to propose the way forward.</p>	Compliant
D.2	Risk Management and Internal Control	Refer 'Risk Management', 'The Board of Directors' Statement of Internal Control' and the 'Audit Committee Report' of the Annual Report 2023/24.	Compliant
D.3	Audit Committee	Refer the 'Audit Committee Report' of the Annual Report 2023/24.	Compliant
D.4.	Risk Committee	At present the Audit Committee covers the functions of the Risk Committee as well.	Compliant

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D.5	Related Party Transactions Review Committee	Refer 'Related Party Transactions Review Committee Report' of the Annual Report 2023/24.	Compliant
D.6.	Code of Business Conduct and Ethics	<p>Refer 'Governance Policies of Aitken Spence Group' of the Annual Report 2023/24.</p> <p>Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.</p> <p>Immediate disclosures of Directors pertaining to acquisition/ disposal of relevant interest in shares issued by the Company are obtained from the Directors in accordance with Section 200 of the Companies Act No. 7 of 2007 and necessary disclosures are made to the CSE within two market days. Also refer the Related Party Transactions Review Committee Report of the Annual Report 2023/24.</p>	Compliant
D.7	Corporate Governance Disclosures	Refer 'The Annual Report of the Board of Directors' and the 'Corporate Governance' of the Annual Report 2023/24.	Compliant
E	Institutional Investors	<p>The Company conducts regular discussions with Institutional Investors. The Annual Report provides a balanced review of the Group's performance supporting analysis and objective decision making. Shareholders are provided an opportunity to comment, discuss and seek clarifications on any relevant issue with the Chairman and Board at the AGM or by prior appointment.</p> <p>Institutional investors are provided with sufficient information to deliberate on matters related to the structure and composition of the Board, facilitating evaluation of the same.</p>	Compliant
F	Other Investors	<p>The Company provides sufficient relevant and material financial and non-financial information in its Annual Report to facilitate meaningful analysis and obtaining independent annual advice regarding their investment.</p> <p>Refer 'Shareholder Communication' in the Corporate Governance Report of the Annual Report 2023/24.</p>	Compliant
G	Internet of things and Cybersecurity	Refer 'IT Governance' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
H	Sustainability: ESG Risk and Opportunities	Refer 'Managing our Impacts' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant
I	Special considerations for Listed Entities	Refer 'Compliance with Section 9 of the Listing Rules Issued by the Colombo Stock Exchange' in the Corporate Governance Report of the Annual Report 2023/24.	Compliant