

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 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. Directors			
A.1 The Board			
A.1.1	Board Meetings	Refer 'Effective Board Meetings' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.1.2	Role of the Board	Refer 'Key Responsibilities of the Board' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.1.3	Compliance with laws and access to independent professional advice	In discharging its duties, the Board seeks independent professional advice from external parties when necessary at the Company's expense. All Directors are further encouraged to attend seminars/training programmes relevant and useful to them in enhancing their business acumen and professionalism in carrying out their duties Refer 'Induction and Director Learning' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.1.4	Access to advice from the Company Secretary Indemnifying the Board, Directors and key management personnel	Refer 'Role of the Company Secretaries' of the Corporate Governance Report of the Annual Report 2022/2023 In accordance with section 218 of the Companies Act No. 07 of 2007 Directors are indemnified against the liabilities which may arise in respect of the duties they perform within the organisation	Complied
A.1.5	Independent judgment of the Directors	Refer 'Independence of the Directors' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.1.6	Dedicating adequate time and effort	Refer 'Effective Board Meetings' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
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	Complied
A.1.8	Training of Directors	Refer 'Induction and Director Learning' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.2 Chairman and Chief Executive Officer (CEO)			
A.2	Clear division of responsibilities. No one Director with unfettered power	Roles of the Chairman and the Deputy Chairman and Managing Director are segregated in line with best practices in Corporate Governance ensuring that no one Director has unfettered power and authority. Refer 'Structures that Enable Value Creation' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.2.1	Combining roles of Chairman and CEO	N/A	N/A
A.3 Chairman's Role			
A.3	Chairman's role in preserving good corporate governance	Refer 'Role of the Chairman' of the Corporate Governance Report of the Annual Report 2022/2023	Complied

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A.4 Financial Acumen			
A.4	Availability of financial acumen	Refer 'Composition of the Board at the Time of Authorising this Annual Report' of the Corporate Governance Report of the Annual Report 2022/2023 and the 'Board of Directors' of the Annual Report 2022/2023	Complied
A.5 Board Balance			
A.5/A.5.1/A.5.2/ A.5.3/A.5.5	Presence of Non-Executive Directors	Refer 'Composition' of the Corporate Governance Report of the Annual Report 2022/2023 and the 'Board of Directors' of the Annual Report 2022/2023	Complied
	Independence of Non-Executive Directors	Refer 'Independence of the Directors' of the Corporate Governance Report of the Annual Report 2022/2023	
A.5.4	Annual Declaration of Independence by the Non-Executive Directors	Each Non-Executive Director submits a signed declaration annually with regard to his independence/non-independence against specified criteria. Refer 'Independence of the Directors' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.5.6	Alternate Director to a Non-Executive Director	Refer 'Appointments and Succession' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.5.7/5.8	Senior Independent Director	Although the Chairman is not an Independent Director, a Senior Independent Director has not been formally appointed	Mr. R.N. Asirwatham in his capacity as the lead Independent Director acts as a sounding board to the Chairman on matters of concern
A.5.9	Chairman meeting with the Non-Executive Directors	Informal discussions take place on matters that require the attention of the Non-Executive Directors	Complied
A.5.10	Recording concerns	In the event of a matter not being unanimously resolved at a Board meeting, the concerns expressed are recorded in the Board Minutes. Minutes of the Board Meetings are circulated to all Directors and adopted at a subsequent Board Meeting	Complied
A.6 Supply of Information			
A.6.1	Obligation of the Management to provide appropriate and timely information	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	Complied
A.6.2	Timelines - Timely provision of Board Papers Board meeting minutes	Refer 'Effective Board Meetings' of the Corporate Governance Report of the Annual Report 2022/2023	Complied

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A.7 Appointments to the Board			
A.7.1/A.7.2	Nomination Committee and the assessment of composition of the Board	Refer 'Nomination Committee Report' of the Annual Report 2022/2023	Complied
A.7.3	Disclosure of Appointment of a New Director	Refer 'Appointments and Succession' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.8 Re-election			
A.8.1/A.8.2	Re-election	Refer 'Appointments and Succession' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.8.3	Resignation	Refer 'Appointments and Succession' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.9 Appraisal of Board Performance			
A.9.1 to A.9.4	Appraisals of the Board and the sub committees	Refer 'Evaluation of Performance of the Board' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
A.10 Disclosure of Information in Respect of Directors			
A.10.1	Profiles of the Board of Directors and other related information	Refer 'Composition' of the Corporate Governance Report of the Annual Report 2022/2023, 'Board of Directors', 'Group Companies and Directorate' and 'Annual Report of the Board of Directors' of the Annual Report 2022/2023	Complied
A.11 Appraisal of Chief Executive Officer			
A.11.1/A.11.2	Setting of the annual targets and the appraisal of the CEO	Refer 'Evaluation of Performance of the Board' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
B. Directors' Remuneration			
B.1 Remuneration Procedure			
B.1.1 to B.1.5	Establish process for developing policy on executive remuneration and individual director's remuneration	Refer 'Remuneration' of the Corporate Governance Report of the Annual Report 2022/2023 and the 'Remuneration Committee Report' of the Annual Report 2022/2023	Complied
B.2 The Level and Makeup of Remuneration			
B.2.1 to B.2.10	Level and makeup of remuneration of both Executive and Non-Executive Directors	Refer 'Remuneration' of the Corporate Governance Report of the Annual Report 2022/2023 and the 'Remuneration Committee Report' of the Annual Report 2022/2023	Complied
B.3 Disclosure of Remuneration			
B.3.1	Statement of remuneration policy and details of remuneration of the Board to be disclosed in the Annual Report	Refer 'Remuneration Committee Report' of the Annual Report 2022/2023	Complied

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C. Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings			
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	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 and the Code	Complied
C.1.2	Separate resolution for substantially separate issues	Separate resolutions are proposed for substantially separate issues to provide shareholders the opportunity to deal with each significant matter separately	Complied
C.1.3	Accurate recording and counting valid proxy appointments received for general meeting	All proxy appointments received are duly recorded and counted in respect of each resolution, where a vote has been taken by a show of hands. 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 circulated. In the absence of such intimation, all issues at the AGM will be passed by a show of hands	Complied
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company	Complied
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	In the event the appropriate number of shareholders give their intimation in writing and request for a poll, the procedures involved in voting would be circulated. In the absence of such intimation, all issues at the Annual General Meeting will be passed by a show of hands	Complied
C.2 Communications with shareholders			
C.2.1 to C.2.3	Effective communication with shareholders and disclosure of the method of communication with the shareholders	The Company encourages effective communication with the shareholders and answers queries and concerns of shareholders through the Group Company Secretarial Division and Registrars. Any matters relating to the shareholders are effectively and efficiently dealt by the Group Company Secretarial Division and the Registrars of the Company for and on behalf of the Management	Complied
C.2.4 to C.2.6	Contact person in relation to shareholder matters	Group Company Secretarial Division and/or the Registrars could be contacted in relation to shareholder matters.	Complied
C.2.5 to C.2.7	Process to make Directors aware of the issues and concerns of Shareholders and disclosing same and the process responding to shareholder matters	The Company Secretaries maintain a record of all correspondence received and would deliver such correspondence to the Board or individual Director as applicable. The Board or individual Director, as applicable will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretaries to send the response to the particular shareholder.	Complied

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C.3 Major and Material Transactions			
C.3.1 & C.3.2	Disclosure of Major Transactions	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. In the unlikely event that the net assets of the Company fall below half of shareholders' funds, the shareholders of the Company would be notified and an Extraordinary General Meeting would be called to propose the way forward in terms of the necessary statutory and regulatory requirements	Complied
D. Accountability and Audit			
D.1 Financial Reporting			
D.1.1	Board's responsibility in presenting a balanced Annual Report	The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position. Performance and prospects in accordance with the requirements of the Companies Act. The Financial Statements are prepared and presented in accordance with Sri Lanka Accounting Standards.	Complied
D.1.2	Interim and price sensitive reports to public and regulators	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the: <ul style="list-style-type: none"> » Companies Act No. 07 of 2007 » Sri Lanka Accounting Standards » Listing Rules of the Colombo Stock Exchange The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange	Complied
D.1.3	CEO/CFO Declaration	The Statement of Financial Position contains a declaration by the Deputy Chairman and Managing Director and the Chief Financial Officer	Complied
D.1.4	Directors' Report declarations	Refer 'Annual Report of the Board of Directors' of the Annual Report 2022/2023	Complied
D.1.5	Statements on responsibilities for preparation of financial statements and internal control	Refer the following: <ul style="list-style-type: none"> » 'Statement of Directors' Responsibilities' of the Annual Report 2022/2023 » 'The Board of Directors' Statement on Internal Controls' of the Annual Report 2022/2023 	Complied
D.1.6	Management discussion & analysis	Refer 'Management Discussion and Analysis' of the Annual Report 2022/2023	Complied
D.1.7	Serious loss of capital	In the unlikely event of the net assets of the Company falling below half of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.	Complied
D.1.8	Related Party Transactions	Refer the following disclosures on Related Party Transactions: <ul style="list-style-type: none"> » 'Relates Party Transactions Review Committee Report' of the Annual Report 2022/2023 » 'Annual Report of the Board of Directors' of the Annual Report 2022/2023 	Complied

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D.2 Risk Management and Internal Control			
D.2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	The following reports provide details on compliance with these requirements: <ul style="list-style-type: none"> » 'Risk Management' of the Annual Report 2022/2023 » 'The Board of Directors' Statement on Internal Controls' of the Annual Report 2022/2023 » 'Audit Committee Report' of the Annual Report 2022/2023 	Complied
D.2.2	Confirm assessment of the principal risks of the company		Complied
D.2.3	Internal Audit		Complied
D.2.4	Require Audit Committee to carry out reviews and Board responsibility for disclosures		Complied
D.2.5	Compliance with Directors' responsibilities as set out by the Code		Complied
D.3 Audit Committee			
D.3.1 to D.3.3	Composition, duties and disclosures	Refer the 'Audit Committee Report' of the Annual Report 2022/2023	Complied
D.4 Related Party Transactions Review Committee			
D.4.1 to D.4.3	Composition and duties	Refer the 'Related Party Transactions Review Committee Report' of the Annual Report 2022/2023	Complied
D.5 Code of Business Conduct and Ethics			
D.5.1	Board declaration for compliance with Code	Refer 'Group Code of Ethics and Professional Conduct' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
D.5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries	Complied
D.5.3	Monitor Share purchase by Directors/ KMPs	Refer 'Identifying and Managing Conflicts' of the Corporate Governance Report and the 'Related Party Transactions Review Committee Report' of the Annual Report 2022/2023	Complied
D.5.4	Chairman's statement	Refer the 'Chairman's Message' and 'The Board of Directors' Statement on Internal Controls' of the Annual Report 2022/2023	Complied
D.6 Corporate Governance disclosures			
D.6.1	Corporate Governance disclosures	Refer the 'Corporate Governance Report' of the Annual Report 2022/2023	Complied

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E. Institutional Investors			
E.1 Shareholder Voting			
E.1.1	Regular and structured dialogue with shareholders	Refer 'Shareholder Communication' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
E.2 Evaluation of Governance Disclosures			
E.2	Institutional investors should be encouraged to give due weight to all relevant factors when evaluating the Company's governance arrangements	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. Refer 'Shareholder Communication' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
F. Other Investors			
F.1 Investing/Divesting Decision			
F.1	Encouraging shareholders to carry out adequate analysis and seek independent advice	The Company provides sufficient relevant and material financial and nonfinancial information in its Annual Report to facilitate meaningful analysis and obtaining independent annual advice regarding their investment	Complied
F.2 Shareholder Voting			
F.2	Encouraging shareholder participation in General Meetings	Refer 'Shareholder Communication' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
G. Internet of Things and Cybersecurity			
H.1 Environment, Society and Governance (ESG) Reporting			
G.1 to G.5	Internet of things and cybersecurity	Refer 'Building Digital Resilience' of the Corporate Governance Report and the "Intellectual Capital" of the Annual Report 2022/2023	Complied
H. Environment, Society and Governance			
H.1 Environment, Society and Governance (ESG) Reporting			
H.1.1	Provision of information in relation to ESG factors, effects of ESG issues to the business and how risks and opportunities pertaining to ESG are recognised, managed, measured and reported	Refer 'Managing our Impacts' of the Corporate Governance Report and 'Shared Growth Through Stakeholder Engagement' of the Annual Report 2022/2023	Complied
H.1.2	Environment factors	Refer 'Managing our Impacts' of the Corporate Governance Report of the Annual Report 2022/2023	Complied

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H.1.3	Social factors	Refer 'Managing our Impacts' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
H.1.4	Governance	Refer 'Managing our Impacts' of the Corporate Governance Report of the Annual Report 2022/2023	Complied
H.1.5.	Board's role on ESG factors	Refer 'Managing our Impacts' of the Corporate Governance Report of the Annual Report 2022/2023	Complied