

## CORPORATE GOVERNANCE

### CHAIRMAN'S INTRODUCTION

Dear Stakeholder,

It has been yet another year of significant progress and I am happy with the headway made by the Board across our governance agenda.

Fully aware that at the core of every successful organisation is a strong and healthy culture supported by a robust governance structure, the Aitken Spence PLC Board too remains fully committed to maintaining the highest standards of corporate governance. We believe it is the key to delivering our Group strategy and generating long-term stakeholder value.

The Board recognizes the importance of setting the right tone at the top in order to guide the behaviour of our people and ensure that we live by and demonstrate the core values that have become the Aitken Spence legacy for the past 149 years.

As the custodian of Aitken Spence PLC., the Board demands openness and transparency to maintain an environment in which honesty, integrity and fairness are valued and practiced by our people every day. As per the whistleblower policy of the Group, staff members can forward any grievances, complaints or feedback to a private email address monitored by an independent third party. Full confidentiality is offered to employees who provide feedback. Issues brought up are communicated to the highest governance body and necessary action is taken.

The Board leads by example in complying with the Group code of ethics and in turn calls for the highest professional standards from all of our people at all times. The Group code of ethics which encompasses the code of conduct of employees has been communicated and is

readily accessible to all staff to support their day-to-day decision-making. The Group has a zero tolerance policy with regard to breaches of the Group code of ethics or conduct. Further, the Board affirms that in the year 2016/2017, there has been no material violation of any of the provisions of the Code of Ethics.

### ACCOUNTABILITY AND DISCLOSURES

This section of the Annual Report strives to provide stakeholders with sufficient information regarding the Aitken Spence PLC Board structure, composition and all functions, in order to give the reader an accurate assessment of the governance practices that are in place at a Group level.

The Board of Aitken Spence PLC., is satisfied that the Group has adequate resources to continue the operations without any disruption in the foreseeable future. The Board confirms and declares that Group's Financial Statements are prepared on a going concern basis.

At the same time, the Board has taken all reasonable steps to ensure that the Group and its subsidiaries are fully compliant with all the mandatory and voluntary rules and regulations applicable to the Company.

The Board gives due consideration in compliance of the Companies Act No. 7 of 2007, the regulations set out in the Listing Rules of the Colombo Stock Exchange, the Code of Best Practice on Corporate Governance jointly issued by the Securities Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka and other Codes issued by Chambers of Commerce, Professional Institutions and the relevant industry associations.

Since 2002, Aitken Spence PLC has been a voluntary signatory to the United Nations Global Compact. Further, the Company has been a member of the Global Compact Network Sri Lanka Board and the steering committee since its inception. Aitken Spence was also among the first Companies in the world to become signatory to the UN Women's Empowerment Principles, all of which point to the Group's commitment to follow globally accepted best practices for Corporate Governance.

### SHAREHOLDER RELATIONS

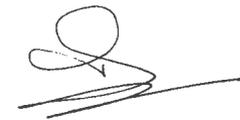
Engaging with shareholders is a key part of how Aitken Spence PLC is managed. We engage with shareholders through open, meaningful dialogue that helps us understand their expectations of us. Shareholders are encouraged to be present, participate and vote at the Annual General Meeting. As the Company does not have non-voting ordinary shares, all shareholders are entitled to one vote per individual present or one vote per share in case of a poll.

The Annual Report is presented to shareholders not less than 15 working days prior to the Annual General Meeting and provides comprehensive information which enables the shareholders to be suitably informed of the activities of the Group for the year under review. The shareholders are encouraged to use the Annual Report as a base to carry out adequate analysis and obtain independent advice regarding their investment in Aitken Spence PLC. The Annual General Meeting gives shareholders an opportunity to comment, discuss and seek clarifications on any relevant issues with the Chairman and the Board of Directors. In the interest of greater transparency

and clarity, a separate resolution is raised on each issue that is proposed at the Annual General Meeting. Further, shareholders are free to informally meet with the Directors at the conclusion of such general meetings. Communication with shareholders is also facilitated through the Company's website, press releases, social media platforms and announcements to the Colombo Stock Exchange. The Group company secretarial division and/or communication teams act as the point of contact for clarifications, suggestions or complaints raised by shareholders.

Through all this, our goal is to develop strong relationships that will pave the way for sustainable growth of our business in the years ahead.

On behalf of the Board, I wish to invite all shareholders of Aitken Spence PLC., to our Sixty Fifth Annual General Meeting on Friday, June 30, 2017.



**D.H.S. Jayawardena**  
Chairman

Colombo  
26th May 2017

GRI G4 - Information on GRI Disclosures

Refer to the GRI Index on pages 306 to 311 for specific details

## CORPORATE GOVERNANCE

“A comprehensive internal control system is in place to reduce the risk of error and/or loss or failure to achieve corporate objectives in a cost effective manner.”

### 1 FRAMEWORK AND APPROACH

Aitken Spence PLC’s governance framework plays an integral role in supporting the Group and its businesses deliver on their respective strategies. It provides the structure through which strategy and business objectives are set, performance is monitored and the risks are managed, which includes a set of values and behaviours that aims to promote greater reporting transparency, financial accountability and business responsiveness in the day-to-day activities across all businesses in the Group. It is designed to give each Group company the necessary operating autonomy to develop their business, while at the same time ensuring that they stay within the boundaries of the Group’s compliance parameters in order to protect stakeholder interests.

#### 1.1 Key elements of the framework

##### 1.1.1 Risk Management

Effective risk management is imperative for Aitken Spence PLC. The nature of the Group’s risk profile demands that it adopts a prudent approach to corporate risk and its decisions regarding risk tolerance as well as risk mitigation.

As such, the Board assumes full responsibility for the governance of risk through a formal risk management framework. In order to ensure a consistent approach to

risk management within the Group, Enterprise Risk Management (ERM) Framework approved by the Audit Committee is in place to profile the different risks that impact the Group and determine the Group’s risk appetite and risk tolerance level. The Audit Committee provides oversight to ensure the ERM framework is properly carried out in order to achieve the Group’s strategic objectives.

##### 1.1.2 Internal Controls

A comprehensive internal control system is in place to reduce the risk of error and/or loss or failure to achieve corporate objectives in a cost effective manner. These controls include the proper delegation of responsibilities within a clearly defined framework of prudent and effective accounting procedures and adequate segregation of duties. They are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring that the Group’s business practices are conducted in an appropriate manner.

The Group’s internal audit department functions independently in all operations to appraise and evaluate the effectiveness of the operational activities and the attendant business risks. Where necessary, recommendations are made for improvements in the systems of internal control and accounting practice based on internal audit plans and reports which take cognizance of

relative degrees of risk of each function or aspect of business.

##### 1.1.3 Ethics Management

###### Group Code of Ethics

The Group has put in place a code of ethics to provide employees with guidance on recognizing and handling areas of ethical ambiguity with guidance on how to report unethical conduct and to nurture a culture of openness and accountability.

The Group code of ethics encompasses the following areas:

- Conflict of interest,
- Corporate opportunities,
- Confidentiality,
- Fair dealing,
- Protection and proper use of company assets,
- Compliance with laws, rules and regulations (including insider trading laws), and
- Encouraging the reporting of any illegal or unethical behaviour.

###### Whistleblower policy

The Group’s Whistleblower Policy aims to encourage staff to come forward and speak up if they know of or suspect a breach of external regulations, internal policies or business principles. The Whistleblower Policy ensures staff member raising an issue is protected with complete confidentiality guaranteed to the

employee reporting such incidents. Issues brought up are communicated to the highest governance body and necessary action is taken per each individual case. Employees who detect bribery can report incidents to the next higher level of management than that of the employee/s committing bribery and/or the Chief Human Resources Officer or report anonymously through the whistleblowing procedure.

In order to maintain confidentiality and independence of the whistleblow process the Company has acquired the services of an external party. Any feedback/complaints are handled in strict confidence.

An email was circulated to all staff members informing them about the whistleblowing email address. HR personnel are not involved in this procedure. Feedback/ complaints sent to this email address and action taken are not disclosed to any internal parties of the Company.

#### 1.1.4 Shareholder Relations

Engaging with shareholders is a key part of how Aitken Spence PLC., is managed. Open, meaningful dialogue with shareholders helps the Company to understand their expectations of Aitken Spence PLC. Shareholders are encouraged to be present, participate and vote at the Annual General Meeting, where the holders of ordinary shares are entitled to one vote per

individual present or one vote per share in case of a poll.

The Annual Report is presented to shareholders not less than 3 weeks prior to the Annual General Meeting and provides comprehensive information which enables the shareholders to be suitably informed of the activities of the Group for the year under review. The shareholders are encouraged to use the Annual Report as a base to carry out adequate analysis and obtain independent advice regarding their investment in the Aitken Spence PLC. The Annual General Meeting gives shareholders an opportunity to comment, discuss and seek clarifications on any relevant issues with the Chairman and the Board of Directors. In the interest of greater transparency and clarity, a separate resolution is raised on each issue that is proposed at the Annual General Meeting. Further, shareholders are free to informally meet with the Directors at the conclusion of such general meetings. Communication with shareholders is also facilitated through the Company's website, press releases, social media platforms and announcements to the Colombo Stock Exchange. Meanwhile, the company secretarial division and/or the registrars of the Company act as the point of contact for clarifications, suggestions or complaints raised by shareholders which is communicated to the Chairman and the Chairman

ensures that views of the shareholders on relevant and appropriate matters including those related to the governance arrangements of the Company are communicated to the Board on an as and when necessary basis.

#### 1.1.5 Sustainability Governance

The Group's management of sustainability aims to address the economic, environmental and social matters that are material to the Group and its stakeholders. These concerns are then integrated into the day-to-day operations of each business, in a way it that would drive business value. Thus making a meaningful difference to all relevant stakeholders vis-à-vis;

- Positive economic value creation through geographical business and product diversification,
- Creation of employment and retention of excellent employees,
- Contribution to society through strategic corporate social responsibility initiatives,
- Sustaining the business environment in which the Group operates.

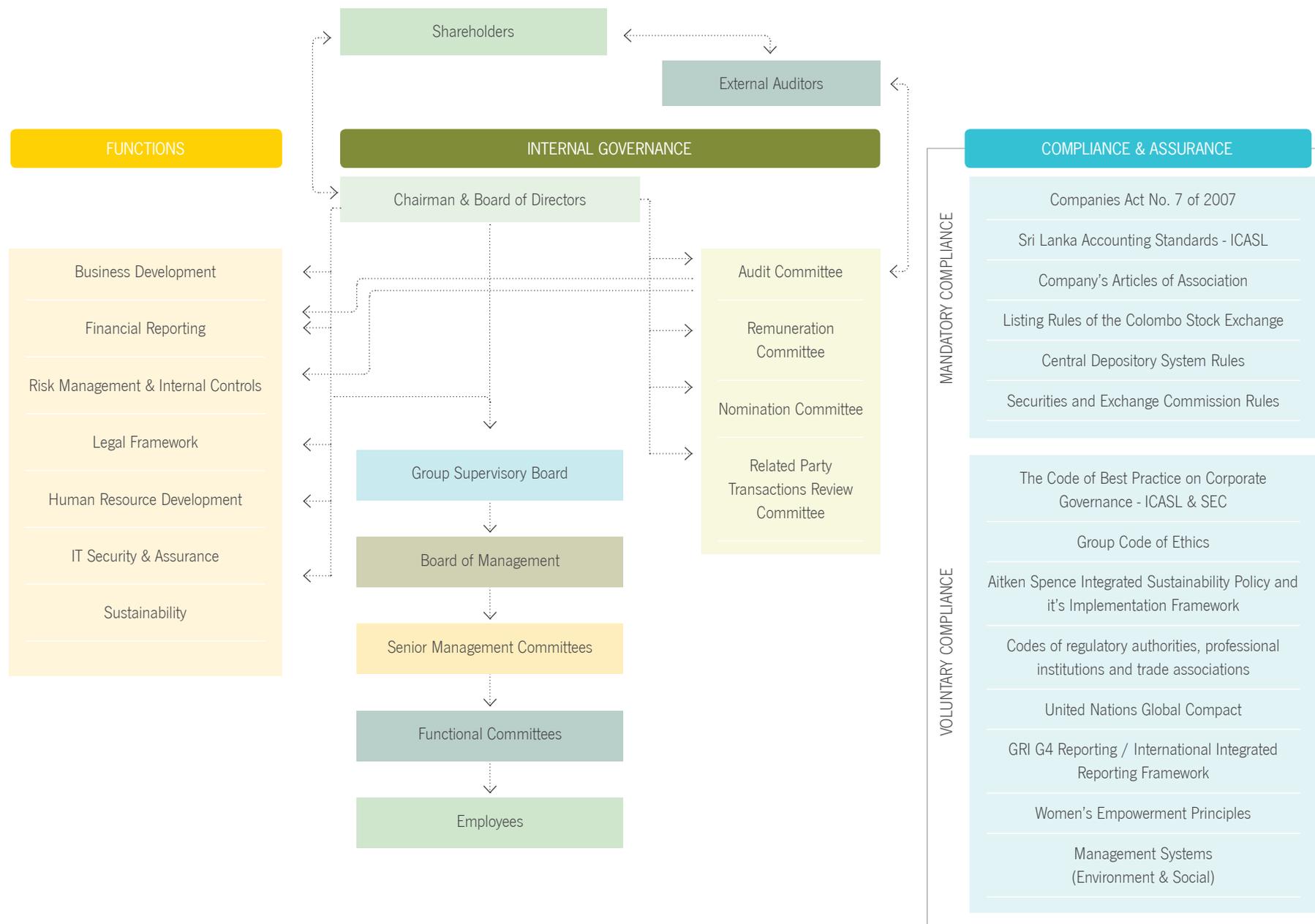
Sustainability leadership in the form of effective guidance in reviewing and approving sustainability stems from the Deputy Chairman and Managing Director along with the head of sustainability team who is also a

member of the Board, disclosures reviewed and so approved by them cascades down to SBUs through the Board of Management.

CORPORATE GOVERNANCE

2 GOVERNANCE STRUCTURE

The Corporate Governance Framework of the Aitken Spence PLC., aims to promote greater reporting transparency, financial accountability and business responsiveness across all businesses within the Group. The framework is designed to give respective Group companies the necessary operating autonomy to develop their business, while at the same time ensuring that they stay within the boundaries of the Group's Risk, Legal, HR, IT, other relevant regulatory requirements and compliance parameters.



### 3 THE BOARD OF DIRECTORS

#### 3.1 Board Composition and Structure

The Aitken Spence PLC., Board currently consists of the Chairman, Deputy Chairman and Managing Director and seven other Directors, of which four are Non-Executive Directors of whom 3 are Independent.

To ensure that no one person has unfettered powers of decision making and implementation, the role of the Chairman is clearly defined, as are the functions of the Deputy Chairman and Managing Director. The duties and responsibilities pertaining to each of these positions are distinct and separate which go on to support the balance of power and authority across the Group.

The Chairman is responsible for the effective leadership of the Board.

The Deputy Chairman and Managing Director with the assistance of the Board of Directors is responsible for formulating and implementing strategies and policies in achieving the vision of the Group. He provides direction in the day to day management of the companies of the Group and ensures that proper internal controls are implemented across all Group companies whilst complying with all statutory, financial and legal requirements.

#### 3.2 Quality of the Board

The current Board combines a diverse mix of skills and experience bringing together academic, professional and entrepreneurial perspectives. The Board members' collective experience provides for a balanced mix of attributes to fulfil the Board's duties and responsibilities.

**Chairman Deshamanya D.H.S. Jayawardena** is one of Sri Lanka's most successful businessmen and heads many successful enterprises in very diverse fields of activities.

**Deputy Chairman and Managing Director Mr. J.M.S. Brito** has a LLB (University of London) and MBA (London City Business School) degrees and is a Fellow of both Institutes of Chartered Accountants of Sri Lanka and England and Wales. Together with this multi-disciplined knowledge, he brings with him a wealth of 35 years of international experience working with number of international organisations.

**Dr. R.M. Fernando** leads the sustainability strategy of the Group and highlights the sustainability concerns and achievements of the Group companies at Main Board level: his representation of the Group's sustainability team and the sustainability programmes is most likely the first instance of a Main Board Director of a company in Sri Lanka to be dedicated for sustainability. He is the Chairman of United Nations Global Compact Network, Ceylon. He holds a PhD and a MBA from the University of Colombo and is also a Chartered Marketer and a Fellow of the Chartered Institute of Marketing, (CIM) UK. He has extensive experience in the plantation industry both in the public and private sectors and played a key role in the plantations privatisation programme.

**Dr. P. Dissanayake**, a University of Oxford Business Alumni, is a Graduate of Harvard Business School Executive Education Programme on "Global Economy" and is also a Fellow of NORAD and JICA. He commenced his career at the Ceylon Shipping Corporation and is a former Chairman/CEO of Sri Lanka Ports Authority. Currently he is the Chairman/CEO of the Aitken Spence Maritime and Logistics Sector.

**Ms. D.S.T. Jayawardena** leads a team of young professionals that is endeavouring to develop a strategic development plan for future growth of Aitken Spence PLC., and is overall responsible for the Tourism Sector of the Group. Ms. Jayawardena was the youngest intern to work under the Former US President Bill Clinton in 2003.

**Mr. G.C. Wickremasinghe** was appointed to the Board of Aitken Spence PLC., in April 1972 and was Chairman from 1996 to 1997. He has therefore, been a Director of the Company continuously for a period of 44 years. He has wide and varied experience in many business sectors.

**Mr. C.H. Gomez** is a former Investment Banker with over 30 years of experience in the finance industry. He has worked for several major financial institutions and brings to the Company a wealth of experience in regard to international financial markets.

**Mr. N.J. de Silva Deva Aditya** who was appointed to the Board of Aitken Spence PLC., in September 2006, is an Aeronautical Engineer, Scientist and an Economist. He is a Fellow of the Royal Society for Arts, Manufacture and Commerce. His multifaceted expertise aids him to contribute immensely in the deliberations of the Board.

**Mr. R.N. Asirwatham** was the Senior Partner and Country Head of KPMG from 2001 to 2008. He was also a member of the Presidential Commission on Taxation. Mr. Asirwatham is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. With his vast knowledge and experience he ably chairs the Audit Committee and the Related Party Transactions Review Committee of the Company.

CORPORATE GOVERNANCE

3.3 Board Responsibilities

The Aitken Spence PLC., Board of Directors is primarily responsible for providing effective leadership that reflects the Group's core values of accountability, fairness, integrity, professionalism, respect and transparency. The Board reaffirms its commitment to sound governance and considers the application of sound corporate governance structures, policies and practices as pivotal to ensuring that the Aitken Spence Group acts in a responsible and transparent manner from an economic, social and environmental perspective and creates sustainable value and benefits for its stakeholders. The Board has full ordinary and extraordinary administrative powers to manage the activities of the Group in a way that would achieve these corporate objectives.

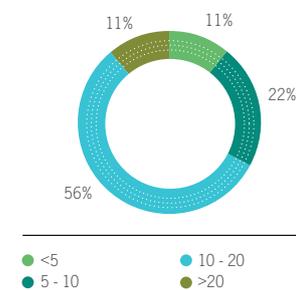
The Board collectively and individually, fulfil their commitment by complying with the laws of the Country, as applicable to the Aitken Spence Group. The Board is ultimately responsible for ensuring that all business activities are conducted with integrity and in compliance with the mandatory requirements of the Companies Act No. 7 of 2007, Company's Articles of Association and Listing Rules of the Colombo Stock Exchange and the voluntary compliance of the Group code of Ethics, the Code of Best Practice of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, United Nations Global Compact, G4 Reporting

Key Focus areas for 2016/2017

STRATEGY	LEADERSHIP AND RISK
<ul style="list-style-type: none"> <li>• Strategy setting</li> <li>• Target delivery</li> <li>• Achievement of goals</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurial support</li> <li>• Succession planning</li> <li>• Oversight of operational management</li> <li>• Determination of principal risks and risk appetite</li> </ul>
GOVERNANCE	FINANCE
<ul style="list-style-type: none"> <li>• Assurance and compliance</li> <li>• Board management and effectiveness</li> <li>• Remuneration policy in support of strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Optimizing the internal control framework</li> <li>• Capital allocation, financing and funding</li> <li>• Overview and preparation of financial statements</li> </ul>

Board Tenure

As at 31st March 2017



3.3.1 Responsibilities of the Chairman

Our Chairman, Deshamanya D.H.S. Jayawardena is responsible for:

- Ensuring that balance of power between the Executive and Non-Executive Directors is maintained,
- Encouraging effective participation of Executive and Non-Executive Directors,
- Ensuring that the Board adheres to procedures, relevant statutes and complies with various stakeholder and regulatory requirements of relevant bodies whilst being in complete control of the affairs of the Company,
- Ensuring that all Directors are adequately briefed on issues arising at Board meetings and that they effectively contribute with their respective capabilities towards the best benefit of the Company,
- Ensuring that shareholders are given adequate opportunity to make observations, express their views and seek clarifications at meetings of shareholders.

3.3.2 Responsibilities of the Deputy Chairman and Managing Director

Deputy Chairman and Managing Director Mr. J.M.S. Brito is responsible for:

- Day-to-day management of the Group's business operations, with the support of the Executive Directors, Group Supervisory Board, Board of Management and the Senior Management Committees,
- Effective implementation of the Company's strategies and policies,
- Maintaining a close working relationship with the Chairman, and being a sounding board for the Chairman as and when necessary,
- Guaranteeing that the correct Board procedures are followed, and that the applicable rules and regulations are regularly reviewed and complied,
- Advising the Board on corporate governance matters and acting as the interface between the management and regulatory authorities as and when necessary,
- Ensuring that the Company and the Group achieves the approved budgets and targets,
- Providing the Board explanations for variances and recommending any corrective action that needs to be adopted.

and Integrated Reporting Framework and the regulations, by-laws of the Group code of ethics and the trade and industry related regulatory authorities and institutions.

Specific responsibilities of the Aitken Spence PLC Board include:

- Providing oversight to ensure the proper execution of the Group's medium term and long term strategies, including the approval of strategic plans, governance structures, risk appetite, internal control systems, covering policies and procedures, reporting lines that will provide the necessary decision making framework to support the Group's strategic purpose,
- Ensuring that those in leadership positions, including the Group Supervisory Board, the Board of Management and the Senior Management Committees have the capacity to execute the Group strategies,
- Implementation of a suitable senior management succession strategy to facilitate the sustainability of the business,
- Evaluating the performance and authorizing appointments to the Board Sub-committees,
- Reviewing and approving recommendations made by Board Sub Committees,
- Reviewing and approving of operational and financial budgets and monitoring actual performance of the individual Strategic Business

Units against budgets and the approving of quarterly (unaudited) and audited financial statements,

- Promoting greater transparency by subscribing to global best practices for the reporting of financial and non-financial information.
- Establishing a stable risk governance framework by setting risk parameters and tolerance levels in line with the Group's strategic priorities. This also includes implementing suitable internal audit, IT systems, HR procedures etc. that would safeguard the Group against all major business risks,
- Ensuring compliance of the Groups' statutory and regulatory obligations and safeguarding the Group's reputation by promoting high standards of honesty, integrity and ethical business practices at all levels of the business,
- Promoting corporate citizenship to ensure long-term sustainability of the business,
- Making appropriate recommendations for the appointment/removal of external auditors,
- Subject to the provisions of the Companies Act No. 7 of 2007 evaluating and approving mergers, acquisitions and divestures that results in corporate re-structuring or re-engineering.

All Directors are expected to allocate adequate time to ensure that their duties and responsibilities are

satisfactorily discharged. Further, in circumstances where one or more of the Directors feel it is essential, whether as a full Board or in their individual capacities, to seek impartial professional advice at the Group's expense.

This facility is also extended to the Group Supervisory Board, Board of Management and Senior Management Teams to enable the implementation of duties in respect of matters being deliberated.

### 3.4 Board Meetings

	12th May 2016	30th June 2016	11th August 2016	21st November 2016	9th February 2017
<b>Chairman</b>					
Deshamanya D.H.S Jayawardena	✓	✓	✓	✓	✓
<b>Deputy Chairman and Managing Director</b>					
Mr. J.M.S. Brito	✓	✓	✓	✓	✓
<b>Executive Directors</b>					
Dr. R.M. Fernando	✓	✓	✓	✓	✓
Dr. M.P. Dissanayake	✓	✓	✓	✓	✓
Ms. D.S.T. Jayawardena	✓	✓	✓	✓	✓
<b>Non-Executive Directors</b>					
Mr. G.C. Wickremasinghe	✓	✓	*	✓	✓
Mr. C.H. Gomez	*	✓	*	✓	✓
Mr. N.J. de Silva Deva Aditya/Mr. A.L. Gooneratne (Alternate Director to Mr. N.J. de Silva Deva Aditya)	*	✓	✓	✓	✓
Mr. R.N. Asirwatham	✓	✓	✓	✓	✓
✓ present      * excused					

## CORPORATE GOVERNANCE

The Board convened 5 times during the financial year and the meetings were presided over by the Chairman.

An annual calendar of Board meetings is prepared at the beginning of each financial year and circulated among the Directors enabling them to prepare their work schedules and facilitate effective participation. In the event a Director is unable to attend a meeting, due to personal commitments or illness he/she is provided with briefing material for discussion with the Chairman or the Deputy Chairman and Managing Director on a suitable date.

In setting the agenda for Board Meetings, sufficient time is allocated to key priority areas such as strategy setting and review, performance monitoring, portfolio management including acquisitions and divestments, succession planning and talent management.

The notices of Board meetings along with the agenda and Board papers are circulated among the Directors in advance to the scheduled meeting, giving adequate time for the Directors to review and request for any additional information or clarifications needed in order to prepare for the meetings.

Minutes of each Board meeting are recorded and circulated among the Directors for confirmation at the next meeting. Where applicable, any conflicts and/or concerns that cannot be unanimously resolved are recorded appropriately in the Board minutes. Instances where decisions are made by way of circular resolutions, all relevant information pertaining to the resolution is sent with such resolution to enable the Directors to clearly understand the purpose for which a resolution is being circulated.

### 3.5 Independence of Non-Executive Directors

Three out of four Non-Executive Directors remain independent from day-to-day management decisions, activities and are free from any business and/or other relationship, which may hinder their exercise of unbiased judgment. This enables them to act critically and independently in the best interest of the Company at all times.

All Non-Executive Directors are expected to disclose any material business interest and submit an annual declaration confirming his independence/non-independence in compliance with guidelines stated in the statutory regulations. Moreover, in the event a conflict of interest presents itself, the onus is on the respective Non-Executive Director to refrain from the decision-making process.

#### Independence of Non-Executive Directors

**Mr. G.C. Wickremasinghe**  
Mr. Wickremasinghe's period of service of as a Board Member exceeds nine years and he was an Executive Director on the Board of the Company prior to the assumption of duties as a Non-Executive Director. The Board having considered the above facts is of the view that his period of service and the Executive Directorship previously held by him do not compromise his independence and objectivity in discharging his functions as a Director and therefore determined that Mr. Wickremasinghe is 'independent' as per the Listing Rules of the Colombo Stock Exchange.

#### Mr. C.H. Gomez

The Board is of the view that the period of service of Mr. C.H. Gomez as a Board Member which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Gomez is 'independent' as per the Listing Rules of the Colombo Stock Exchange.

#### Mr. R.N. Asirwatham

Appointed to the Board as an Independent Director and meets all the criteria of independence set out in Rule 7.10.4 of the Listing Rules of the Colombo Stock Exchange.

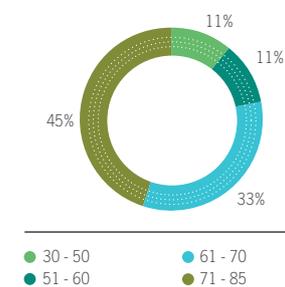
### 3.6 Board Appointments

New Directors are appointed through a formal process where, the Nomination Committee reviews nominations for new appointments to the Board. When a new Director is appointed, the necessary disclosures are made to the Colombo Stock Exchange, along with a brief resume of the Director. The same disclosure is published in the Colombo Stock Exchange website where it is accessible to shareholders.

In accordance with the Companies Act and the Articles of Association of the Company, Directors who are retiring are eligible to submit themselves for re-election at the Annual General Meeting. The Board at the recommendations of the Nomination Committee evaluates the effective contribution made by these respective Directors' who are offering themselves for re-election. A decision is then

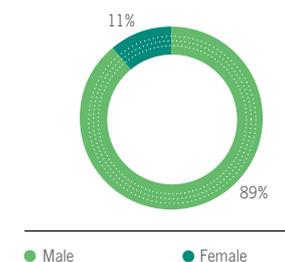
#### Age Distribution in the Board

As at 31st March 2017



#### Gender Diversity of the Board

As at 31st March 2017



#### The Company Secretaries

All Directors have access to advice and the services of the Group Secretaries who coordinate with the Company Secretaries and are responsible in ensuring the Board procedures follow best practices for Corporate Governance by strictly complying with the Companies Act, Listing Rules of the Colombo Stock Exchange and other applicable statutory rules and regulations. The Company Secretaries are expected to provide accurate, concise and relevant information to the Board in a timely manner to enable the Board to take informed decisions.

made whether or not to reaffirm the Company's support of their re-election.

No new Board appointments took place in the 2016/2017 Financial Year.

Re-elections at the Annual General Meeting held on Thursday, June 30, 2016:

Mr. C.H. Gomez who retired in terms of Article 83 of the Articles of Association was re-elected as a Director of the Company.

Mr. G.C. Wickremasinghe, Deshamanya D.H.S. Jayawardena and Mr. R.N. Asirwatham who were over 70 years were re-appointment as Directors of the Company by passing the relevant resolutions.

The details of the Directors who are recommended for re-election at the forthcoming Annual General Meeting are adequately disclosed in the Annual Report of the Directors on page 68 and in the Notice of meeting on page 332 of this Annual Report.

### 3.7 Training of Directors

All Directors are encouraged to attend appropriate seminars and training programmes in enhancing their business insight and professionalism in carrying out their duties. Directors are further encouraged to participate in forums, workshops and/or seminars in their capacity as speakers, moderators or panelists in their respective areas of proficiency. These efforts also provide the opportunity for Directors to contribute towards broader socio-economic development of the country.

### 3.8 Conflict of Interest

In the discharge of their duties, all Board Directors have a fiduciary duty to avoid situations in which they have or may have interests that conflict with that of the Group. In such instances, Directors are obligated to fully disclose to the Board any real or potential conflict of interest, which comes to his/her attention, whether direct or indirect. The Director concerned is then expected to exclude himself/herself from any discussion or decision over the matter in question.

#### 3.8.1 Independent Judgement

Each Director exercises independent judgment in all matters considered by the Board and acts free from undue influence and bias from other parties.

Although the Chairman, Deshamanya D.H.S. Jayawardena and Ms. D.S.T. Jayawardene are related to each other, they act independently in the best interest of the Company in spirit, intention, purpose, attitude and their discharge of duties.

#### 3.8.2 Related Party Transactions

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2017.

Related party transactions are disclosed in note 44 to the Financial Statements.

### 3.9 Evaluation of Board Performance

The performance evaluation of the Deputy Chairman and Managing

Director is carried out by the Chairman, in line with the financial and non-financial objectives set out in consultation with the Board at the commencement of every financial year. Other factors considered in the assessment of the Deputy Chairman and Managing Director's performance include, the ability to contribute to the development of strategy, to understand the major risks affecting the Group, to contribute to the cohesion of the Board, to commit the time required to fulfil the role and to listen to and respect the views of other Directors and the management team. The review process also aims to identify specific training and development needs that will enhance the ability of the Deputy Chairman and Managing Director to execute his role more effectively.

The Deputy Chairman and Managing Director in turn evaluates the performance of the three Executive Directors and the Nomination Committee headed by the longstanding Independent Non-Executive Director of the Company, collectively evaluates the rest of the Board of Directors on an annual basis; individual skills, expertise and knowledge of each Director is taken into consideration in evaluating his or her performance during the period under review.

### 3.10 Director's Remuneration

A formal transparent mechanism underpins the determination of Remuneration for all Executive Directors. The Remuneration Committee, headed by an Independent Non-executive Director, oversees the process. No Director on the Board of Aitken Spence PLC., is

involved in determining his/her own remuneration.

Revisions to the Executive Directors' remuneration are made annually, taking into consideration the internal and external socio-economic factors including industry benchmarks.

### 3.10 Board Sub-committees

In accordance with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by Institute of Chartered Accountants of Sri Lanka and the Securities Exchange Commission the Board has established four Committees to assist in the execution of its responsibilities, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Related Party Transactions Review Committee.

Each of these Committees have been assigned specific terms of reference, with all Board Committee meetings structured so as to promote open discussion.

The Chairman of each Committee reports to the Board on its deliberations. Meanwhile, to enable the Board to discharge its duties, all Directors receive minutes of Board Sub-committee Meetings, in advance of Board meetings.

Moreover, the Chairman of each Sub-committee is present at the Annual General Meeting to answer any questions of the shareholders directed to them by the Chairman of the Company.

## CORPORATE GOVERNANCE

## 3.10.1 Audit Committee

The key objectives of the Committee is to regularly review the adequacy of the internal controls and risk management process, ensure that the Company adheres to the statutory financial reporting regulations, assess the performance, effectiveness and the independence of the external auditors as well as the group internal audit department.

## 3.10.2 Remuneration Committee

The Committee's key objective is to determine and regular review of the Group's Executive Remuneration Policy for the Executive Directors and the Senior Management and thereby attract the most suitable talent and retaining them in the Group in order to enhance the Group's performance of the strategic business units

## 3.10.3 Nomination Committee

The Nomination Committee is responsible for overseeing the performance of the Board, its Committees and Individual Directors and evaluate their performance. The Committee strives to ensure to promote diversity and effectiveness to the boards of the Group Companies as well as to the higher levels of management and to ensure that fair and equal opportunities for promotion are given for all employees across the Group.

## 3.10.4 Related Party Transactions Review Committee

The Committee's key focus areas include the review of all proposed related party transactions, the formulation and regular review of the threshold of related party transactions and the review of the criteria of key management personnel as set out in the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions jointly issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

## 4 COMPLIANCE TABLES

## 4.1 Listing Rules of the Colombo Stock Exchange - Corporate Governance

## Mandatory compliance

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
7.10	CORPORATE GOVERNANCE COMPLIANCE		
7.10.1	Non-Executive Director		
a./b./c.	The Board of Directors shall include at least two Non-Executive Directors (NED) or equivalent to one third of the total number of Directors whichever is higher	Compliant	Four out of the nine Board members are NEDs.
7.10.2	Independent Directors		
a.	Where the Board constitutes only two NEDs both shall be independent. In other instances, two or one third of NEDs shall be independent, whichever is higher	Compliant	Three out of the four NEDs are Independent.
b.	Annual submission of a signed and dated declaration of independence/non-independence by all NEDs	Compliant	Annually each NED declares his independence/non-independence in compliance with the relevant statutory regulations.

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
<b>7.10.3</b>	<b>Disclosures relating to Directors</b>		
a./b.	The Board shall make an annual determination of the independence/non-independence of the NEDs	Compliant	Independence of the NEDs has been determined by the Board based on the annual declaration and taking account all the other information and circumstances.  The criteria determining the independence of NEDs can be found in page 48 of this Annual Report.
c.	Publication of a brief resume of each director which includes information of nature of his/her expertise	Compliant	The names and profiles of each of the Directors are on pages 28 to 31 of this Annual Report.
d.	Submission of a brief resume to CSE upon appointment of a new director		On an appointment of a Director a suitable disclosure is made to CSE.
<b>7.10.4</b>	<b>Criteria for defining Independence</b>		
a. to h.	Requirements for determining independence of a director	Compliant	Please refer information of NEDs on page 48.
<b>7.10.5</b>	<b>Remuneration Committee</b>		
a.	Composition		
a. 1	The committee shall comprise of two independent directors or non-executive directors a majority of whom shall be independent, whichever is higher.	Compliant	All members of the Remuneration Committee of Aitken Spence PLC are Independent Non-Executive Directors.
a. 2	One non-executive director shall be appointed as chairman of the committee by the board		Mr. G.C. Wickremasinghe who is an Independent Non-Executive Director is the Chairman of the Remuneration Committee.
b.	Recommendation of remuneration payable to Executive Directors/CEO to the board	Compliant	The Remuneration Committee is responsible of reviewing policy of remuneration packages of the Deputy Chairman and Managing Director and other Executive Directors and recommends same to the Board.
c.	Disclosure in the Annual Report		
c.1	The annual report should set out the names of the committee members and statement of the remuneration policy	Compliant	The Remuneration Committee report set out in the Annual Report contains the names of the members and a statement of the remuneration policy.  Please refer the Committee report on page 63 on this Annual Report.
c.2	The annual report should contain the aggregate remuneration paid to executive and non-executive directors	Compliant	The aggregate remuneration paid to Executive and Non-Executive Directors is set out on page 240 of this Annual Report.
<b>7.10.6</b>	<b>Audit Committee</b>		
a	Composition		
a. 1	The board committee shall comprise of a minimum of two independent non-executive directors or of non-executive directors a majority of whom shall be independent, whichever shall be higher. One non-executive director shall be appointed as chairman of the committee by the board	Compliant	All members of the Audit Committee of Aitken Spence PLC are Non-Executive Directors, three of whom are Independent.  Mr. R.N. Asirwatham who is an Independent Non-Executive Director is the Chairman of the Committee.

## CORPORATE GOVERNANCE

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
a. 2	CEO and CFO shall attend the committee meetings	Compliant	Mr. J.M.S. Brito, Deputy Chairman and Managing Director who is the CEO of Aitken Spence PLC and Ms. N. Sivapragasam, Chief Financial Officer attend the meetings by invitation.  Please refer the attendance of the Committee set out on pages 61 and 62 of this Annual Report.
a. 3	Chairman or one member of the committee should be a member of a recognized professional accounting body.	Compliant	The Chairman of the Committee, Mr. R.N. Asirwatham is a fellow member of the Institute of Chartered Accountants of Sri Lanka.
b	Functions		
b. (i)	Overseeing the preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards (SLAS).	Compliant	Refer Audit Committee Report on pages 61 and 62 in this Annual Report.
b. (ii)	Overseeing the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Compliant	Refer Audit Committee Report on pages 61 and 62 in this Annual Report.
b. (iii)	Overseeing the processes to ensure the internal controls and risk management are adequate to meet the requirements of the SLAS.	Compliant	Refer Audit Committee Report and the Director's Statement on Internal Control on pages 61 to 62 and 65 respectively on this Annual Report.
b. (iv)	Assessing the independence and performance of the external auditors.	Compliant	Refer Audit Committee Report on pages 61 and 62 in this Annual Report.
b. (v)	Recommend to the board pertaining to the appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Compliant	Refer Audit Committee Report on pages 61 and 62 in this Annual Report.
c.	Disclosure in the Annual Report		
c.1	The annual report should set out the names of the committee members	Compliant	The Committee reports and the Annual Report of the Directors set out in the Annual Report contains the names of the members.
c.2	Determination of independence of the auditors and the basis for such determination	Compliant	Refer Audit Committee Report on pages 61 and 62 in this Annual Report.
c.3	A report of the audit committee containing the manner of compliance	Compliant	Refer Audit Committee Report on pages 61 and 62 in this Annual Report.

4.2 The Code of Best Practice of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka (2013) Compliance Table

Voluntary compliance

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
<b>I</b>	<b>THE COMPANY</b>		
<b>A</b>	<b>Directors</b>		
<b>A.1</b>	<b>The Board</b>	Compliant	Corporate Governance – Section 3.1
A.1.1	Board Meetings	Compliant	Corporate Governance – Section 3.4
A.1.2	Role and Responsibility of the Board	Compliant	Corporate Governance – Section 3.3
A.1.3	Compliance with laws and access to independent professional advice and services	Compliant	Corporate Governance – Section 3.3
A.1.4	Access to advice from the Company Secretary and duties of the Company Secretary	Compliant	Corporate Governance – Section 3.3
A.1.5	Independent Judgement	Compliant	Corporate Governance – Section 3.5
A.1.6	Board Commitment	Compliant	Corporate Governance – Section 3.3
A.1.7	Training of Directors	Compliant	Corporate Governance – Section 3.7
<b>A.2</b>	<b>Chairman and Chief Executive Officer (CEO)</b>		
A.2.1	Decision to combine the posts of Chairman and CEO	Not Applicable	Deshamanya D.H.S Jayawardena is the Chairman and Mr. J.M.S Brito is the Deputy Chairman and Managing Director who is the CEO of Aitken Spence PLC.
<b>A.3</b>	<b>Chairman's Role</b>		
A.3.1	Effective conduct of Board proceedings by the Chairman	Compliant	Corporate Governance – Section 3.3.1/3.4
<b>A.4</b>	<b>Financial Acumen</b>		
A.4	Ensuring the availability of sufficient financial acumen within the Board	Compliant	Corporate Governance – Section 3.2 Refer profiles of the Board of Directors on pages 28 to 31 of this Annual Report.
<b>A.5</b>	<b>Board Balance</b>		
A.5.1	Board Composition	Compliant	The Aitken Spence PLC Board currently consists of the Chairman, Deputy Chairman and Managing Director and seven other Directors, of which four are Non-Executive Directors. Out of four Non-Executive Directors, three are Independent Non-Executive Directors.
A.5.2	Number of Independent Non-Executive Directors (NED)	Compliant	The Aitken Spence PLC Board currently consists of three are Independent Non-Executive Directors.
A.5.3	Declaration of independence or non-independence by the NEDs	Compliant	Corporate Governance – Section 3.5
A.5.4	Annual Declaration of NEDs	Compliant	Corporate Governance – Section 3.5
A.5.5	Board determination on independence of NEDs	Compliant	Corporate Governance – Section 3.5
A.5.6	Independence of an Alternate Director	Compliant	The only Alternate Director in the Board represents a Non-Independent Non-Executive Director.

## CORPORATE GOVERNANCE

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
A.5.7 - A.5.8	Senior Independent Director (SID) and the Role of SID	Not Applicable	The role of the Chairman and the Deputy Chairman and Managing Director are distinct.
A.5.9	Chairman meeting with NEDs	Compliant	Chairman meets with the NEDs as and when necessary.
A.5.10	Recording of unresolved matters	Compliant	Corporate Governance - Section 3.4
<b>A.6</b>	<b>Supply of Information</b>		
A.6.1	Management's obligation to provide appropriate and timely information	Compliant	Corporate Governance - Section 3.4
A.6.2	Timely circulation of relevant documents	Compliant	Corporate Governance - Section 3.4
<b>A.7</b>	<b>Appointments to the Board</b>		
A.7.1	Presence of the Nomination Committee	Compliant	Corporate Governance - Section 3.10 The report of the Nomination Committee is set out on page 60 of this Annual Report.
A.7.2	Assessment and composition of the Board	Compliant	The report of the Nomination Committee is set out on page 60 of this Annual Report.
A.7.3	Disclosure of Appointment of a New Director	Compliant	Corporate Governance - Section 3.6
<b>A.8</b>	<b>Re-election</b>		
A.8.1 - A.8.2	Re-election of Directors including Chairman	Compliant	Corporate Governance - Section 3.6
A.9	Appraisal of Board Performance	Compliant	Corporate Governance - Section 3.9
<b>A.9.1</b>	<b>Annual appraisal of the Board</b>	Compliant	Corporate Governance - Section 3.9
A.9.2	Annual self-evaluation of the Board and its Committees	Compliant	Corporate Governance - Section 3.9
A.9.3	Disclosure of performance evaluation	Compliant	Corporate Governance - Section 3.9
<b>A.10</b>	<b>Disclosure of information in respect of Directors</b>		
A.10	Profiles of the Board of Directors and other related information	Compliant	The names and profiles of each of the Directors are on pages 28 to 31 of this Annual Report.
<b>A.11</b>	<b>Appraisal of Chief Executive Officer</b>		
A.11.1	Setting financial and non-financial targets	Compliant	Corporate Governance - Section 3.9
A.11.2	Performance appraisal	Compliant	Corporate Governance - Section 3.9
<b>B</b>	<b>DIRECTORS' REMUNERATION</b>		
<b>B.1</b>	<b>Remuneration Procedure</b>		
B.1.1	Remuneration Committee	Compliant	Corporate Governance - Section 3.10 The report of the Remuneration Committee is set out on page 63 of this Annual Report.
B.1.2	Composition of the Remuneration Committee	Compliant	The report of the Remuneration Committee is set out on page 63 of this Annual Report.
B.1.3	Disclosure of names of the Chairman and members of the Remuneration Committee	Compliant	The report of the Remuneration Committee is set out on page 63 of this Annual Report.
B.1.4/B.2.9	Determination of remuneration of NEDs	Compliant	Non-executive Directors are remunerated in accordance with the Article of Association of the Company. Their fees and reimbursable expenses are paid in consideration of the basis of contribution of the basis of contribution and services performed at the Board and Committee meetings.

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
B.1.5	Consultation with Chairman and CEO about proposal relating to remuneration of other Executive Directors and access to professional advice in discharging their responsibilities	Compliant	The Remuneration Committee consults the Chairman and Deputy Chairman and Managing Director regarding the remuneration proposals and revision of salary packages as and when necessary to Executive Directors and the Board of Management, taking into consideration the internal and external socio-economic factors.
<b>B.2</b>	<b>The level and make up of Remuneration</b>		
B.2.1 - B.2.4	Standards for determining Remuneration of Executive Directors	Compliant	Corporate Governance – Section 3.10
B.2.5	Executive Share Option	Compliant	As at date, the Company has no share option available to its Directors.
B.2.6	Designing schemes of Remuneration	Compliant	The report of the Remuneration Committee is set out on page 63 of this Annual Report.
B.2.7 - B.2.8	Early termination in Directorate	Compliant	The Remuneration Committee determines the remuneration of Directors in the event of early termination.
<b>B.3</b>	<b>Disclosure of Remuneration</b>		
B.3.1	Disclosure of the names of the members of the Remuneration Committee, statement of remuneration policy and set out the aggregate remuneration paid to Directors.	Compliant	The report of the Remuneration Committee is set out on page 63 of this Annual Report.
<b>C</b>	<b>Relations with Shareholders</b>		
<b>C.1</b>	<b>Constructive use of the Annual General Meeting and conduct of general meetings</b>		
C.1.1	Use of Proxy	Compliant	All proxy votes are counted and the quantum of proxies lodged on each resolution is tabulated and given to the Chairman and Deputy Chairman and Managing Director prior to the Annual General Meeting.
C.1.2	Separate resolution for each issue	Compliant	A separate resolution on each issue is proposed at the Annual General Meeting of the Company.
C.1.3	Availability of Chairmen of Board Committees at the Annual General Meeting	Compliant	Corporate Governance – Section 3.10
C.1.4	Notice and procedure of meetings	Compliant	The notice and the agenda of the Annual General Meeting together with the Annual Report containing relevant documents are sent to the shareholders 15 working days prior to the date of the Annual General Meeting of the Company.
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings.	Compliant	In the event the appropriate numbers 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 General Meeting will be passed by show of hands.
<b>C.2</b>	<b>Communication with shareholders</b>		
C.2.1, C.2.2 & C.2.3	Effective communication with shareholders	Compliant	The Company encourages effective communication with the shareholders and answers queries and concerns of shareholders through the Group company secretarial division and registrars.
C.2.4 & C.2.6	Contact person in relation to shareholders matters.	Compliant	Persons to contact in relation to shareholders is the Group company secretarial division and/or registrars.

## CORPORATE GOVERNANCE

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
C.2.5 & 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	Compliant	The Group company secretarial division maintain a record of all correspondence received and will 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 Group Company Secretaries to send the response to the particular shareholder.
<b>C.3</b>	<b>Major and Material Transactions</b>		
C.3.1	Disclosure of Major related party transaction with a related party	Compliant	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.
<b>D</b>	<b>Accountability and Audit</b>		
<b>D.1</b>	<b>Financial Reporting</b>		
D.1.1	Board responsibility in Financial Reporting	Compliant	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. Aitken Spence also continues to report its performance "In Accordance - Core" with the Global Reporting Initiative's G4 Reporting framework while following the guidelines of the International Integrated Reporting Council's Framework.
D.1.2	The Directors' Report	Compliant	The Annual Report of the Directors in on pages 66 to 69 of this Annual Report.
D.1.3	Responsibility statement by the Directors and Auditors for the preparation and presentation of Financial Statements	Compliant	The Statement of the Directors and Auditors are on pages 211 and 212 respectively of this Annual Report.
D.1.4	Management discussion and analysis	Compliant	Management discussion and analysis of the Company and its subsidiaries under 4 sectors are on pages 87 to 200 in this Annual Report.
D.1.5	Going concern	Compliant	Declaration is made on the Annual Report of the Directors in on page 67 of this Annual Report.
D.1.6	Serious loss of capital	Compliant	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.
D.1.7	Disclosure of Related Party Transactions	Compliant	Refer the report of the Related Party Transactions Review Committee on page 64 on this Annual Report and note 44 to the Financial Statements.
<b>D.2</b>	<b>Internal Control</b>		
D.2.1	Directors should conduct a review of the risks of the Company and the effectiveness of the internal control systems	Compliant	Refer the Board of Directors' Statement on Internal Control is on page 65 of this Annual Report.
D.2.2	Internal audit function	Compliant	Refer the Board of Directors' Statement on Internal Control is on page 65 of this Annual Report.
D.2.3	Board responsibility for the disclosure on internal control	Compliant	Refer the Board of Directors' Statement on Internal Control is on page 65 of this Annual Report.

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
D.2.4	Directors' responsibility in maintaining a sound system of internal control	Compliant	Refer the Board of Directors' Statement on Internal Control is on page 65 of this Annual Report.
<b>D.3</b>	<b>Audit Committee</b>		
D.3.1	Composition of the Committee	Compliant	The report of the Audit Committee is set out on pages 61 and 62 of this Annual Report.
D.3.2	Duties of the Committee	Compliant	The report of the Audit Committee is set out on pages 61 and 62 of this Annual Report.
D.3.3	Terms and Reference of the Committee	Compliant	The report of the Audit Committee is set out on pages 61 and 62 of this Annual Report.
D.3.4	Disclosure of the names of the members of the Audit Committee, determination of independence of the Auditors and a report by the Committee.	Compliant	The report of the Audit Committee is set out on pages 61 and 62 of this Annual Report.
<b>D.4</b>	<b>Code of Business Conduct and Ethics</b>		
D.4.1	Disclosure of the presence of code of business conduct and ethics for Directors and Key Management Personnel and declaration of compliance.	Compliant	Corporate Governance – Section 1.1.3 Refer the Board of Directors' Statement on Internal Control is on page 65 of this Annual Report.
D.4.2	Chairman's affirmation that he is not aware of any violation of the provision of the code of business conduct and ethics	Compliant	Chairman's Introduction on the Corporate Governance on page 41 of this Annual Report.
<b>D.5</b>	<b>Corporate Governance Disclosures</b>		
D.5.1	Disclosure of a Corporate Governance Report in the Company's Annual Report	Compliant	Corporate Governance on pages 42 to 59 of this Annual Report.
II	Shareholders		
<b>E</b>	<b>Institutional Investors</b>		
<b>E.1</b>	<b>Shareholder Voting</b>		
E.1	Regular and structured dialogue with shareholders	Compliant	Corporate Governance – Section 1.1.4
<b>E.2</b>	<b>Evaluation of Governance Disclosures</b>		
E.2	Institutional investors should be encouraged to give due weight to all relevant factors when evaluating the Company's governance arrangements	Compliant	Corporate Governance – Section 1.1.4
<b>F</b>	<b>Other Investors</b>		
<b>F.1</b>	<b>Investing/Divesting Decisions</b>		
F.1	Encouraging shareholders to carry out adequate analysis and seek independent advice	Compliant	Corporate Governance – Section 1.1.4
<b>F.2</b>	<b>Shareholder Voting</b>		
F.2	Encouraging shareholders to participate in general meetings	Compliant	Corporate Governance – Section 1.1.4
<b>G</b>	<b>Sustainability Reporting</b>		
<b>G.1</b>	<b>Principles of Sustainability Reporting</b>		
G.1.1 – G.1.7	Adherence to sustainability principles	Compliant	Please refer Stakeholder Engagement on pages 92 to 101 of this Annual Report.

## CORPORATE GOVERNANCE

## 4.3 Companies Act No. 7 of 2007 – Contents of the Annual Report

## Mandatory compliance

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
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	Compliant	Refer Group Directorate on pages 322 to 328 on this Annual Report.
168 (1) (b)	Financial statements of the company and the group for the accounting period completed and signed	Compliant	Refer Financial Statements on pages 213 to 300 on this Annual Report.
168 (1) (c)	Auditors report on the financial statements of the company and the group	Compliant	Refer Independent Auditors Statement on page 212 on this Annual Report.
168 (1) (d)	Change of accounting policies during the accounting period	Compliant	Section 3 of the Annual Report of the Directors on page 66 of this Annual Report.
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Compliant	Refer Section 8.5 on the Annual Report of the Directors of this Annual Report.
	Information pertaining to material foreseeable risk factors	Complaint	Refer Risk Management on pages 70 to 84 of this Annual Report.
168 (1) (f)	Remuneration and other benefits paid to the directors during the accounting period	Compliant	Refer note 9 to the Financial Statements on page 240 on this Annual Report.
168 (1) (g)	Total amount of donations made by the company during the accounting period	Complaint	Refer Section 4.2 on the Annual Report of the Directors of this Annual Report.
168 (1) (h)	Directorate of the company and the group as at the end of the accounting period along with the changes occurred during the accounting period	Complaint	Refer Group Directorate on pages 322 to 328 in this Annual Report.
168 (1) (i)	Amounts payable to the auditors as audit fees and fees payable for other related services provided by them	Compliant	Refer note 9 to the Financial Statements on page 240 on this Annual Report.
168 (1) (j)	Relationship or interest of the Auditor has with the company or any of its subsidiaries	Compliant	Refer Section 16 on the Annual Report of the Directors of this Annual Report.
168 (1) (k)	The annual report of the board be signed on behalf of the board	Compliant	Refer pages 66 to 69 of the Annual Report of the Directors of this Annual Report.

#### 4.4 Listing Rules of the Colombo Stock Exchange - Contents of the Annual Report

##### Mandatory compliance

SECTION/ RULE	REQUIREMENT	COMPLIANCE STATUS	NATURE OF COMPLIANCE BY AITKEN SPENCE
7.6	CONTENTS OF THE ANNUAL REPORT		
i)	Names of directors of the entity	Compliant	Refer Corporate Information on page 27 on this Annual Report.
ii)	Principal activities of the entity and its subsidiaries during the year under review	Compliant	Refer Group Directorate on pages 322 to 328 on this Annual Report.
iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Compliant	Refer Investor Information on page 205 of this Annual Report.
iv)	The Public Holding percentage	Compliant	Refer Investor Information on page 205 of this Annual Report.
v)	Directors and CEO's holding in shares of the entity at the beginning and end of each year	Compliant	Refer Investor Information on page 206 of this Annual Report.
vi)	Information pertaining to material foreseeable risk factors	Compliant	Refer Risk Management on pages 70 to 84 of this Annual Report.
vii)	Details of material issues pertaining to employees and industrial relations	Compliant	Refer Stakeholder Engagement on pages 93 and 94.
viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Compliant	Refer note 15 to the Financial Statements.
ix)	Number of shares representing the stated capital	Compliant	Refer Investor Information on page 204 of this Annual Report.
x)	Distribution schedule of the number of holders and the percentage of their total holding	Compliant	Refer Investor Information on page 204 of this Annual Report.
xi)	Ratios and market price information	Compliant	Refer Investor Information on pages 201 to 206 of this Annual Report.
xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Compliant	Refer note 15 to the Financial Statements.
xiii)	If during the year the entity has raised funds either through a public issue, rights issue and private placement	Compliant	The Company had no public issue, rights issue or private placement during the year under review.
xiv)	Employee share option/purchase schemes	Compliant	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees.
xv)	Corporate Governance Disclosures	Compliant	Refer Corporate Governance on pages 42 to 59 of this Annual Report.
xvi)	Related Party Transactions	Complaint	Refer note 44 to the Financial Statements.