

Aitken Spence PLC

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 ("Code") and the Company's compliance with the requirements of the same.

Code Ref	Corporate Governance Principle	Disclosure	Compliance Status
SECTION 1 : THE COMPANY			
A. Directors			
A.1 An effective Board should direct, lead and control the company			
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.1.2	Role and Responsibilities of the Board	Refer 'Roles & Responsibilities' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.1.3	Compliance with laws and access to independent professional advice	Refer 'Appointment, Re-appointment, Re-Election, Retirement and Resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.1.4	Access to advise and services of the Company Secretary Indemnifying the Board, Directors and key management personnel	Refer 'Roles & Responsibilities' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.1.5	Independent judgement	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.1.7	Calls for resolutions by at least one third of Directors	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.1.8	Board induction and Training	Refer 'Appointment, Re-appointment, Re-Election, Retirement and Resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.2 Chairman and Chief Executive Officer (CEO)			
	Clear division of responsibilities. No one Director with unfettered power	Refer 'Roles & Responsibilities' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.2.1	Combining roles of Chairman and CEO	Not applicable	
A.3 Chairman's role			
A.3	Chairman's role in preserving good corporate governance	Refer 'Roles & Responsibilities' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.4 Financial Acumen			
A.4	Availability of financial acumen	Refer 'A Balanced Board' of the Corporate Governance Report of the Annual Report 2021/22 and the Profiles of the Board of Directors of the Annual Report 2021/22	Compliant

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A.5 Board Balance			
A.5	Balance of Executive and Non-Executive Directors	Refer 'A Balanced Board' of the Corporate Governance Report of the Annual Report 2021/22 and the Profiles of the Board of Directors of the Annual Report 2021/22	Compliant
A.5.1	Sufficient calibre and number of Non-Executive Directors	Refer 'A Balanced Board' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.5.2	If the Board includes only 3 Non-Executive Directors, they should be independent	Not applicable	
A.5.3	Independence of Directors	Refer 'Determining Independence of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.5.4	Annual declaration of independence by Non-Executive Directors	Refer 'Determining Independence of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.5.5	Annual determination of independence of Non-Executive Directors in character and judgement	Refer 'Determining Independence of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.5.6	Alternate Director to a Non-Executive Director	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.5.7/ A.5.8	Senior Independent Director (SID)	Although the Chairman is not an Independent Director, a Senior Independent Director has not been formally appointed. The role of the Chairman and the Deputy Chairman & Managing Director are distinct.	Mr. Asirwatham in his capacity as the lead independent director acts as a sounding board to the Chairman on matters of concern.
A.5.9	Meeting of Chairman with Non-Executive Directors	Informal discussions take place on matters require the attention of the Non-Executive Directors	Compliant
A.5.10	Recording of dissent in minutes	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.6 Supply of Information			
A.6	Timely information	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.6.1	Obligation of the Management to provide appropriate and timely information	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.6.2	Timelines - Timely provision of Board Papers, Board Meeting Minutes	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22	Compliant

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A.7 Appointments to the Board			
A.7	Formal and transparent procedure for appointments to the Board	Refer 'Appointment, Re-appointment, Re-Election, Retirement and Resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.7.1	Nomination Committee - appointment, terms of reference, members, disclosure	Refer 'Nomination Committee Report' of the Annual Report 2021/22	Compliant
A.7.2	Annual assessment of Board composition	Refer 'Appointment, Re-appointment, Re-Election, Retirement and Resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22 and 'Nomination Committee Report' of the Annual Report 2021/22	Compliant
A.7.3	Disclosures on appointments to the Board	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.8 Re-election			
A.8	Directors to submit themselves for re-election at regular intervals	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.8.1	Re-election/ re-appointment of Non-Executive Directors in accordance with provisions of the Companies Act	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22 and 'Nomination Committee Report' of the Annual Report 2021/22	Compliant
A.8.2	Re-election by shareholders	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22 and 'Nomination Committee Report' of the Annual Report 2021/22	Compliant
A.8.3	Resignation	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.9 Appraisal of Board Performance			
A.9	Periodical appraisals of Board Performance	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.9.1	Formal annual assessment	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22 and 'Remuneration Committee Report' of the Annual Report 2021/22	Compliant
A.9.2	Self-evaluation. Nomination Committee to assess improvements	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant

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A.9.3	Review participation, contribution and engagement of each director at Re-election	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22 and 'Nomination Committee Report' of the Annual Report 2021/22	Compliant
A.9.4	Disclose performance evaluation procedure in Annual report	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
A.10 Disclosure of information in respect of Directors			
A.10.1	Annual Report to disclose specified information regarding Directors	Refer 'Meetings & Minutes' of the Corporate Governance Report of the Annual Report 2021/22 and 'Board Profiles', 'Group Companies and Directorate' and 'Annual Report of the Board of Directors' of the Annual Report 2021/22	Compliant
A.11	Appraisal of the Chief Executive Officer (CEO)		
A.11.1/ A.11.2	Appraisal of the Chief Executive Officer (CEO) by the Board	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
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 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22 and 'Remuneration Committee Report' of the Annual Report 2021/22	Compliant
B.2 Level and Make Up of Remuneration			
B.2.1 to B.2.10	Levels and Make Up of remuneration of both Executive and Non-Executive Directors	Refer 'Appointment, re-appointment, re-election, retirement and resignation of Directors' of the Corporate Governance Report of the Annual Report 2021/22 and 'Remuneration Committee Report' of the Annual Report 2021/22	Compliant
B.3 Disclosures 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 2021/22	Compliant
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	Notices of meetings are circulated to the shareholders within the stipulated time in accordance with the Companies Act.	Compliant
C.1.2	Separate resolution for each issue	A separate resolution on each issue is proposed at the Annual General Meeting of the Company.	Compliant

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C.1.3	Accurate recording and counting valid proxy appointments received for general meetings	All proxy appointments received are duly recorded and counted in respect of each resolution, where a vote has been taken on a show of hands.	Compliant
C.1.4	Availability of Chairmen of Board Committees at the Annual General Meeting	The Chairmen of the Audit, Related Party Transactions Review, Remuneration and Nomination Committees are present at the Annual General Meetings.	Compliant
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	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.	Compliant
C.2 Communication 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.	Compliant
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.	Compliant
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.	Compliant
C.3 Major and material transactions			
C.3.1/ C.3.2	Disclosure of Major related party transactions	The Company ensures that in the event of a major related party transaction takes place, all required approvals are obtained and that the disclosure requirements of the Listing Rules of the Colombo Stock Exchange are strictly adhered to.	Compliant
D Accountability and Audit			
D. 1 Financial and Business Reporting (The Annual Report)			
D.1.1	Board's responsibility in presenting Annual Report	The Board recognizes 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.	Compliant

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D.1.2	Interim and price sensitive reports to public and regulators	In preparing Annual and Interim Financial Statements, the Company complies with the requirements of the Companies Act, Sri Lanka Accounting Standards and Listing Rules of the Colombo Stock Exchange. The Annual and Interim Financial Statements were published within the stipulated time periods prescribed by the Statutes. The compliance with all other statutory and regulatory requirements is disclosed in the Corporate Governance Report of the Annual Report 2021/22.	Compliant
D.1.3	Declaration of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	The Statement of Financial Position contains a declaration by the Deputy Chairman & Managing Director and the Chief Financial Officer.	Compliant
D.1.4	Directors' Report declarations	Refer 'Annual report of the Board of Directors' of the Annual Report 2021/22	Compliant
D.1.5	Statements on responsibilities for preparation of financial statements and internal control	Refer 'Statement of Directors' Responsibilities', 'Independent Auditor's Report' and 'The Board of Directors' Statement on Internal Controls' of the Annual Report 2021/22	Compliant
D.1.6	Management Discussion & Analysis	Refer 'Management Discussion and Analysis' of the Annual Report 2020/21	Compliant
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.	Compliant
D.1.8	Related Party Transactions	Refer 'Related Party Transactions Review Committee Report' of the Annual Report 2021/22	Compliant
D.2 Risk Management and Internal Control			
D.2.1	Board's responsibility to monitor the company's risk management and internal control systems	Refer 'The Board of Directors' Statement on Internal Controls' of the Annual Report 2021/22	Compliant
D.2.2	Confirmation by the Directors on carrying out a robust assessment of the principal risks faced by the company	Refer 'The Board of Directors' Statement on Internal Controls' of the Annual Report 2021/22	Compliant
D.2.3	Presence of an internal audit function	The Company is equipped with an independent Internal Audit Department	Compliant
D.2.4	Review the process and effectiveness of risk management and internal control by the Audit Committee	Refer 'Audit Committee Report' of the Annual Report 2021/22	Compliant
D.2.5	The Statement of Internal Control	Refer 'The Statement of Directors' Statement on Internal Controls' of the Annual Report 2021/22	Compliant

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D.3 Audit Committee			
D.3.1 to D.3.3	Composition, Duties and Disclosures	Refer 'Audit Committee Report' of the Annual Report 2021/22	Compliant
D.4 Related Party Transactions Review Committee			
D.4.1 to D.4.3	Composition and Duties	Refer 'Related Party Transactions Review Committee report' of the Annual Report 2021/22	Compliant
D.5	Code of Business Conduct & Ethics		
D.5.1	Disclosure of the presence of code of business conduct and ethics for Directors and Key Management Personnel and declaration of compliance	The Group has put in place a code of ethics & professional conduct 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.	Compliant
D.5.2	Presence of a process to identify and report material and price sensitive information	The Company ensures that material and price sensitive information is promptly identified and reported in accordance with the requirements of the Listing Rules of the Colombo Stock Exchange.	Compliant
D.5.3.	Policy, process for monitoring and disclosure of share transactions made by any Director, Key Management Personnel or any other employee involved in financial reporting.	Refer 'Related Party Transactions Review Committee report' of the Annual Report 2021/22	Compliant
D.5.4	Chairman's affirmation that he is not aware of any violation of the provision of the code of business conduct and ethics	Refer 'Chairman's Statement on Governance' and 'The Board of Directors' Statement on Internal Controls' of the Annual Report 2021/22	Compliant
D.6 Corporate Governance Disclosures			
D.6.1	Directors to disclose good Corporate Governance principles and practices in place, in the Annual Report	Refer 'Corporate Governance Report' of the Annual Report 2021/22	Compliant
E. Institutional Investors			
E.1 Shareholder Voting			
E.1.1	Regular and structured dialogue with shareholders	Refer 'Relations with Shareholders' and 'Communication with Shareholders' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
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	Refer 'Relations with Shareholders' and 'Communication with Shareholders' of the Corporate Governance Report of the Annual Report 2021/22	Compliant

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F. Other Investors			
F.1 Investing/Divesting Decision			
F.1	Encouraging shareholders to carry out adequate analysis and seek independent advice	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. Refer 'Relations with Shareholders' and 'Communication with Shareholders' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
F.2 Shareholder Voting			
F.2	Encouraging shareholders to participate in general meetings	Refer 'Constructive use of Annual General Meeting (AGM)' of the Corporate Governance Report of the Annual Report 2021/22	Compliant
G. Internet of Things and Cybersecurity			
G.1 to G.5	Internet of Things and Cybersecurity	Refer 'Digital Governance' of the Corporate Governance Report of the Annual Report 2021/22 and 'The Risk Management Report' of the Annual Report 2021/22	Compliant
H. Environment, Society and Governance (ESG)			
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 recognized, managed, measured and reported	Refer 'Our Stakeholders' of the Annual Report 2021/22	Compliant
H.1.2	Environmental Factors	Refer 'Our Communities' of the Annual Report 2021/22	Compliant
H.1.3	Social Factors	Refer 'Management Discussion & Analysis' of the Annual Report 2021/22	Compliant
H.1.4	Governance	Refer 'Corporate Governance Report' and 'Integrating Sustainability' of the Annual Report 2021/22	Compliant
H.1.5	Board's role on ESG Factors	Dr. Rohan Fernando, member of the Main Board leads the implementation of the Group's sustainability strategy, guided by the Group Supervisory Board. The Board satisfies itself that Environmental, Social and Governance (ESG) metrics are incorporated into the business model and the creation of value. For further details, please refer 'Integration of ESG' in Corporate Governance Report of the Annual Report 2021/22	Compliant