

VISIONARY STRATEGIES

GOVERNANCE

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

CORPORATE GOVERNANCE

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 Hotel Holdings 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 'Meetings and Minutes' of the Corporate Governance Report of the Annual Report 2022/23	Complied
A.1.2	Role of the Board	Refer 'Roles and Responsibilities' of the Corporate Governance Report of the Annual Report 2022/23	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	Complied
A.1.4	Access to advice from the Company Secretary	Refer 'Company Secretaries' of the Corporate Governance Report of the Annual Report 2022/23	Complied
	Indemnifying the Board, Directors and key management personnel	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	
A.1.5	Independent judgment of the Directors	Refer 'Independence of Non-Executive Directors' of the Corporate Governance Report of the Annual Report 2022/23	Complied
A.1.6	Dedicating adequate time and effort	Refer 'Meetings and Minutes' of the Corporate Governance Report of the Annual Report 2022/23	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 Training' of the Corporate Governance Report of the Annual Report 2022/23	Complied
A.2	Chairman and Chief Executive Officer (CEO)		
	Clear division of responsibilities. No one Director with unfettered power	Roles of the Chairman and the Managing Director are segregated in line with best practices in Corporate Governance ensuring that no one Director has unfettered power and authority. The Chairman leads the Board, preserving good corporate governance and ensuring that it works effectively, acting in the best interest of the Group. The Managing Director leads the Executive Management and is accountable to the Board for exercise of delegated authority and for the performance of the Group. Their roles and responsibilities are set out in the Corporate Governance Report of the Annual Report 2022/23	Complied
A.2.1	Combining roles of Chairman and CEO	Not applicable	
A.3	Chairman's Role	Refer 'Roles and Responsibilities' of the Corporate Governance Report of the Annual Report 2022/23	Complied

Reference To Icast Code	Corporate Governance Principle	How We Comply	Compliance Status
A.4	Financial Acumen	All Directors have a sound knowledge of finance ensuring a sufficiency of financial acumen as apparent from their Board profiles. Additionally, three Directors are members of reputed professional accounting bodies ensuring a sufficiency of knowledge on matters of finance within the Board	Complied
A.5	Board Balance		
A.5.1/ A5.2/A.5.3 & A.5.5	Presence of Non-Executive Directors Independence of Non- Executive Directors	<p>The Board of Aitken Spence Hotel Holdings had nine members as of 31st March 2023 and a new member was appointed to the Board on 25th April 2023, making the current composition Ten. Six out of ten are Non-Executive Directors namely Mr. J.M.S. Brito, Mr. R.N. Asirwatham, Mr. N.J. de Silva Deva Aditya, Mr. C.H. Gomez, Mr. G.P.J. Goonewardene and Mr. M.A.N.S. Perera.</p> <p>The period of service of Mr. R.N. Asirwatham, Mr. C.H. Gomez and Mr. N.J. de Silva Deva Aditya as Board Members of the Company exceed nine years. Additionally, Mr. R.N. Asirwatham, Mr. C.H. Gomez and Mr. N.J. de Silva Deva Aditya are Directors of the parent company in which majority of the other Directors of the Company (ASHH PLC) are Directors. However, their period of service and their office of Independent Non-Executive Director of the parent company do not compromise their independence and objectivity in discharging their functions as Non- Executive Directors of the Company. Hence, Mr. R.N. Asirwatham, Mr. C.H. Gomez and Mr. N.J. de Silva Deva Aditya are determined by the Board to be independent Directors</p> <p>Mr. G.P.J. Goonewardene served as an Executive Director of the Company until his retirement on 30.06.2017 which was during the period of two years immediately preceding his appointment as a Non-Executive Director on 30.03.2018. However, his appointment as an Executive Director within two years period immediately preceding his appointment as a Non-Executive Director of the Company does not compromise his independence and objectivity in discharging his functions as a Non- Executive Director of the Company. Hence Mr. G.P.J. Goonewardene is determined by the Board to be an Independent Director</p>	Complied
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	Complied
A.5.6	Alternate Director to a Non- Executive Director	During the financial year ended 31st March 2023, there were no appointments of alternate Directors	N/A

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Reference To Icasl Code	Corporate Governance Principle	How We Comply	Compliance Status
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 'Meetings and Minutes' of the Corporate Governance Report of the Annual Report 2022/23	Complied
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 2022/23	Complied
A.7.3	Disclosure of Appointment of a New Director	Upon the appointment of a new Director to the Board, the Company informs the Colombo Stock Exchange with a brief resume of such a Director containing the nature of his expertise, relevant interest, other directorships held, memberships in Board Committees and the nature of appointment There were no new appointments to the Board of Directors during the financial year ended 31st March 2023	Complied

Reference To Icasl Code	Corporate Governance Principle	How We Comply	Compliance Status
A.8	Re-election		
A.8.1/A.8.2	Re-election	Except the Chairman and the Managing Director all the other Directors are subject to retirement by rotation in terms of the Articles of Association of the Company. The retiring Directors and all the Directors who are over 70 years of age whose tenure of office is determined in terms of the Companies Act No. 7 of 2007, submit themselves for re-election/re-appointment by the shareholders of the Company at the forthcoming Annual General Meeting of the Company	Complied
A.8.3	Resignation	Refer 'Appointment, Re-appointment, Re-election and Resignation of the Directors' of the Corporate Governance Report of the Annual Report 2022/23	Complied
A.9	Appraisal of Board Performance		
A.9.1/A.9.2/ A.9.3/A.9.4	Appraisals of the Board and the sub committees	Refer 'Board Evaluation' of the Corporate Governance Report of the Annual Report 2022/23	Complied
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Profiles of the Board of Directors and other related information	Refer 'Board of Directors' of the Corporate Governance Report of the Annual Report 2022/23	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	The performance evaluation of the 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 each financial year	Complied
B. Directors' Remuneration			
B.1	Remuneration Procedure		
B.1.1	Set up a Remuneration Committee with agreed terms of reference	Refer 'Remuneration Policy' of the Corporate Governance Report and the Remuneration Committee Report of the Annual Report 2022/23	Complied
B.1.2	Remuneration Committee to consist of Non-Executive Directors only	Refer 'Remuneration Policy' of the Corporate Governance Report and the Remuneration Committee Report of the Annual Report 2022/23	Complied
B.1.3	List names of Remuneration Committee in Annual Report	Refer 'Remuneration Policy' of the Corporate Governance Report and the Remuneration Committee Report of the Annual Report 2022/23	Complied
B.1.4	Determination of the remuneration of the Non-Executive Directors	Refer 'Remuneration Policy' of the Corporate Governance Report and the Remuneration Committee Report of the Annual Report 2022/23	Complied
B.1.5	Consultation with the Chairman and the Managing Director	Refer 'Remuneration Policy' of the Corporate Governance Report and the Remuneration Committee Report of the Annual Report 2022/23	Complied

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Reference To Icasl Code	Corporate Governance Principle	How We Comply	Compliance Status
B.2	The Level & Makeup of Remuneration		
B.2.1/B.2.2/ B.2.3/B.2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other companies	The Remuneration Committee is responsible for evaluating the performance of the Managing Director, Executive Directors and the individual and collective performance of the Directors and Senior Management. Remuneration packages are structured to attract, retain and motivate them taking into consideration their roles and responsibilities, skills, experience, attributes. The Committee also considers external factors such as cost of living, inflation and industry norms	Complied
B.2.5	Performance based remuneration	Performance based remuneration of employees, including Executive Directors and Senior Management, is directly linked to the achievement of agreed targets and goals by the Company and the individual	Complied
B.2.6	Executive share options	As at date, the Company has no share option available to its Directors	N/A
B.2.7	Designing schemes of performance based remuneration	Refer Remuneration Committee Report of the Annual Report 2022/23	Complied
B.2.8/B.2.9	Early Termination of Directors	The Remuneration Committee determines the remuneration of Directors in the event of early termination	Complied
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Refer the Remuneration Committee Report and the Financial Statements on pages 184 and 246 of the Annual Report	Complied
C. Relations with Shareholders			
C.1	Constructive use of AGM and Conduct of 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

Reference To Icasi Code	Corporate Governance Principle	How We Comply	Compliance Status
C.2	Communications with shareholders		
C.2.1 to C.2.7	Communications with Shareholders	Refer 'Shareholder Relations' of the Corporate Governance Report of the Annual Report 2022/23	Complied
C.3	Major & 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 & Audit			
D.1	Financial Reporting		
D.1.1	Board's responsibility in presenting a balanced Annual Report	Refer 'Accountability and Audit' of the Corporate Governance Report of the Annual Report 2022/23	Complied
D.1.2	Interim and price sensitive reports to public and regulators	<p>In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the:</p> <ul style="list-style-type: none"> • Companies Act No. 07 of 2007 • Sri Lanka Accounting Standards • Listing Rules of the Colombo Stock Exchange <p>The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange</p>	Complied
D.1.3	CEO/CFO Declaration	The Statement of Financial Position contains a declaration by the Managing Director and the General Manager - Finance	Complied
D.1.4	Directors' Report declarations	Refer Annual Report of the Board of Directors of the Annual Report 2022/23	Complied
D.1.5	Statements on responsibilities for preparation of financial statements and internal control	<p>Refer the following:</p> <ul style="list-style-type: none"> • Statement of Directors' responsibilities of the Annual Report 2022/23 • The Board of Directors' Statement on Internal Controls of the Annual Report 2022/23 	Complied
D.1.6	Management discussion & analysis	Refer Capital Reports on pages 70 to 108 which provides a comprehensive management discussion and analysis of the Group's operations	Complied
D.1.7	Serious loss of capital	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	Complied

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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 2022/23 Annual Report of the Board of Directors of the Annual Report 2022/23 Note 45 to the Financial Statements of the Annual Report 2022/23 	Complied
D.2	Risk Management & 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"> The Board of Directors' Statement on Internal Controls of the Annual Report 2022/23 	Complied
D.2.2	Confirm assessment of the principal risks of the company	<ul style="list-style-type: none"> Audit Committee Report of the Annual Report 2022/23 	Complied
D.2.3	Internal Audit		Complied
D.2.4	Require Audit Committee to carry out reviews & 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	Establish an Audit Committee comprising wholly of Non-Executive Directors of which at least 2 must be independent	Audit Committee comprises four Non-Executive Directors of whom three are independent. Refer Audit Committee Report of the Annual Report 2022/23	Complied
D.3.2	Written terms of reference for Audit Committee	The Audit Committee has a written terms of reference which is summarised in the Audit Committee Report of the Annual Report 2022/23	Complied
D.3.3	Disclosures	Refer the Audit Committee Report of the Annual Report 2022/23	Complied
D.4	Related Party Transactions Review Committee		
D.4.1/D.4.2/ D.4.3	Related Party Transactions Review Committee	Refer: <ul style="list-style-type: none"> Related Party Transactions Review Committee of the Corporate Governance Report of the Annual Report 2022/23 Related Party Transactions Committee Report of the Annual Report 2022/23 	Complied
D.5	Code of Business Conduct & Ethics		
D.5.1	Board declaration for compliance with Code	Refer 'Code of Ethics & Professional Conduct' of the Corporate Governance Report of the Annual Report 2022/23	
D.5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries	Complied

Reference To Icasl Code	Corporate Governance Principle	How We Comply	Compliance Status
D.5.3	Monitor Share purchase by Directors/ KMPs	Immediate disclosures of Directors pertaining to acquisition/disposal of relevant interest in shares issued by the Company are obtained from the Directors in accordance with Section 200 of the Companies Act No. 7 of 2007 and necessary disclosures are made to the CSE within two market days. Also refer the Related Party Transactions Review Committee Report of the Annual Report 2022/23	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 2022/23	Complied
D.6	Corporate Governance disclosures		
D.6.1	Corporate Governance disclosures	Refer the Corporate Governance Report of the Annual Report 2022/23	Complied
E. Institutional Investors			
E.1	Institutional Investors		
E.1.1	Institutional investors	Aitken Spence Hotel Holdings PLC conducts regular discussions with Institutional Investors. The Annual Report provides a balanced review of the Group's performance supporting analysis and objective decision making. Shareholders are provided an opportunity to comment, discuss and seek clarifications on any relevant issue with the Chairman and Board at the AGM, on conclusion of formal proceedings or by prior appointment	Complied
E.2	Evaluation of Governance Disclosures	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	Complied
F. Other Investors			
F.1	Investing and divesting decision	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	Encouraging shareholder participation	Refer 'Shareholder Relations' of the Corporate Governance Report of the Annual Report 2022/23	Complied
G. Internet of Things and Cybersecurity			
G.1/G.2/G.3/ G.4/ G.5	Internet of things and cybersecurity	Refer 'Internet of Things and Cybersecurity' of the Corporate Governance Report of the Annual Report 2022/23	Complied
H. Environment, Society & Governance			
H	Environment, society and governance	Refer 'Environment, Society and Governance Reporting (ESG Reporting)' of the Corporate Governance Report of the Annual Report 2022/23	Complied

