

CORPORATE GOVERNANCE

Teejay Lanka PLC is a Public Limited Company listed in the Colombo Stock Exchange (CSE) and registered under the Companies Act No. 07 of 2007.

Corporate Governance refers to the framework through which a Company maintains relationships with all its stakeholders. The key stakeholders include the shareholders, directors, and management of a Company, as defined by the corporate charter, bylaws, formal policy and rule of law. Also included are the community, customers, suppliers, employees and other related institutions

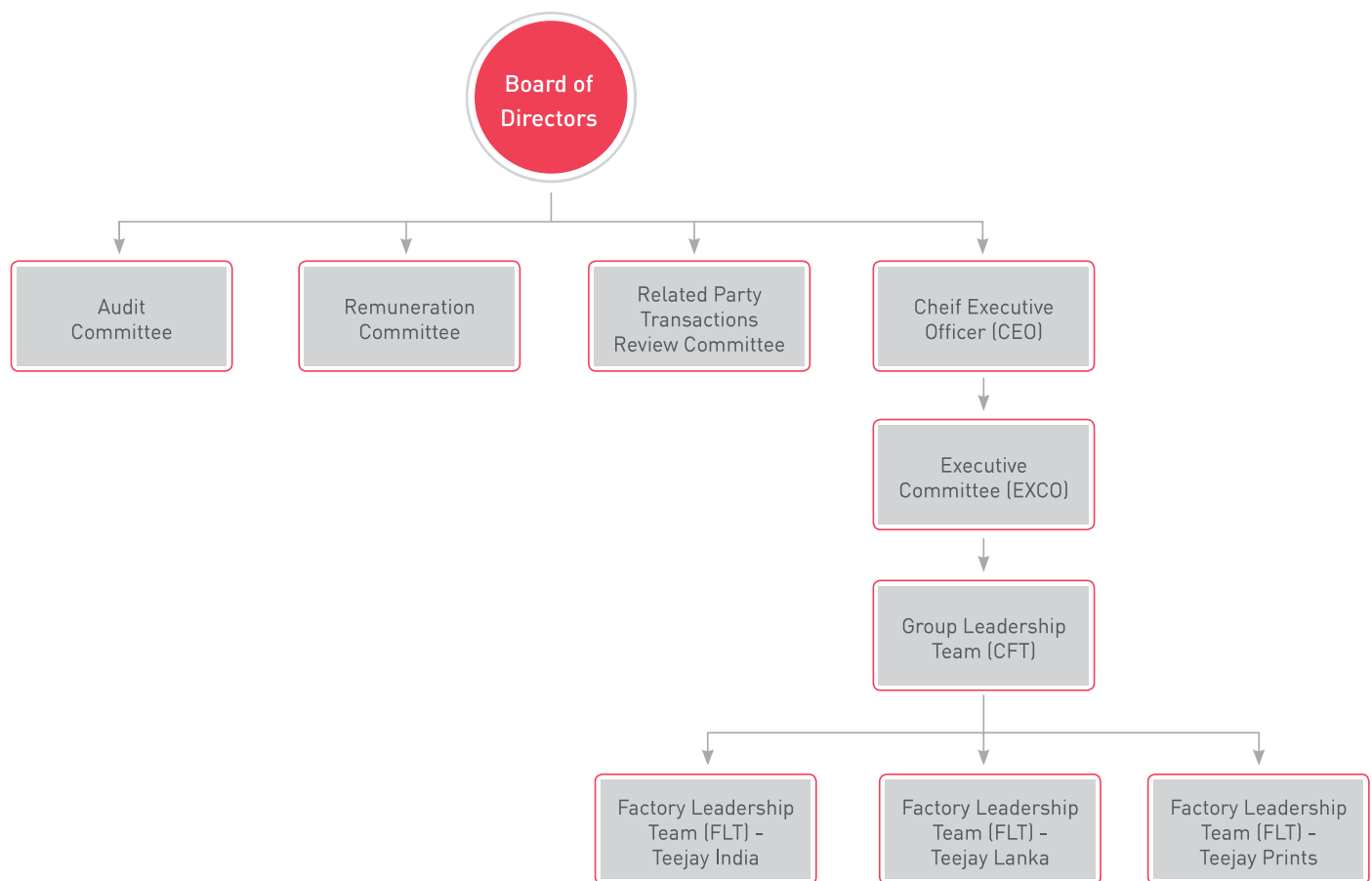
such as the Department of Customs, the BOI, and other government entities.

Corporate governance is a core element of the corporate philosophy of Teejay. For us, good governance is essential for the sustainable growth of our business and strive to ensure that the Company adheres to the highest ethical standards in corporate conduct.

Governance Structure

The Board of Directors of Teejay Lanka PLC comprises of seven (07) Non Executive Directors of which two (02) are

Independent Non Executive Directors. The Board has the overall responsibility and accountability for the management of the Company. The Board of Directors, led by the Chairman, is responsible for good governance at Teejay and, its system of Internal Controls and for the review and the design and effectiveness of the same. There is a perpetual process for identifying, evaluating and managing significant risks by way of elimination or mitigation of same. This process is described in full in the Enterprise Risk Management section of this report.



Teejay operates within the statutes and has adopted and complies to a collection of best Governance practices which are;

Regulatory Framework	Voluntary Standards, Codes & Frameworks	Internal Documents & Policies
<ul style="list-style-type: none"> • Companies Act No. 07 of 2007 • The Shop and Office Employees Act No. 15 of 1954 • Factories Ordinance No. 45 of 1942 • BOI Regulations • Continued Listing Requirements of the Colombo Stock Exchange • Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 • Inland Revenue Act No. 24 of 2017 • Customs Ordinance 	<ul style="list-style-type: none"> • Code of Best Practice on Corporate Governance issued by CA Sri Lanka 2017 • Integrated Reporting Framework issued by IIRC • Global Reporting Initiative Standards • Quality Standard certifications obtained by companies • Requirements of Environmental & Social Certifications 	<ul style="list-style-type: none"> • Articles of Association • Board Charter • Human Rights Policy • Whistle Blower Policy • Health & Safety Policy • Grievance Handling Policy • Anti-Sexual Harassment Policy • Declaration of Conflict Interest

Board Committees

The Board has appointed 3 committees, namely an Audit Committee, a Related Party Transactions Review Committee and a Remuneration Committee as required by the listing rules and to assist the Board. Their composition and roles are summarized below.

Board Committee & Composition	Role	Further Information
Audit Committee		
Comprises two (2) Independent Non Executive Directors and one (1) Non Executive Directors <ul style="list-style-type: none"> • Mr. Amitha Lal Gooneratne (Independent Non Executive Director) - Chairman • Prof. Malik Kumar Ranasinghe (Independent Non Executive Director) • Mr. Wing Tak Bill Lam (Non Executive Director) 	Oversight financial reporting process in ensuring: <ul style="list-style-type: none"> • The Integrity of financial statements in accordance with Sri Lanka Accounting Standards • Adequacy and the effectiveness of the internal control environment and the risk management system and performance of the internal audit function of the organization. • Monitoring of compliance with the standards, laws and regulations • The External Auditor's Independence and performance 	Report of the Audit committee is given on page 92.

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Board Committee & Composition	Role	Further Information
Related Party Transaction Review Committee		
<p>Comprises two (2) Independent Non Executive Directors and one (1) Non Executive Director.</p> <ul style="list-style-type: none"> Mr. Amitha Lal Gooneratne (Independent Non Executive Director) - Chairman Prof. Malik Kumar Ranasinghe (Independent Non Executive Director) Mr. Hasitha Premaratne (Non Executive Director) 	<p>Committee reviewed the related party transactions and their compliances and communicated the same to the Board.</p>	<p>Report of the Related Party Transactions Review Committee is given on page 96.</p>
Remuneration Committee		
<p>Comprises two (2) Independent Non Executive Directors and one (1) Non Executive Director.</p> <ul style="list-style-type: none"> Prof. Malik Kumar Ranasinghe (Independent Non Executive Director) - Chairman Mr. Amitha Lal Gooneratne (Independent Non Executive Director) Mr. Mohamed Ashroff Omar (Non Executive Director) 	<p>Committee focuses on and is responsible for ensuring that the Human Resource Management processes and remuneration policies are competitive to attract, develop and retain employees with professional, managerial and operational expertise who can assume leadership roles in the organization to achieve the objectives of the Company.</p>	<p>Report of the Remuneration Committee is given on page 94.</p>

Meetings of the Board of Directors (BOD) are held quarterly whilst Committee meetings are also held on same day on most occasions. Attendance of Directors at Board and Sub- Committee meetings are summarized below.

Director	Board Meeting	Audit Committee	Remuneration Committee	Related Party Transaction Review Committee
Mr. Amitha Lal Gooneratne	4/4	4/4	2/2	4/4
Prof. Malik Kumar Ranasinghe	4/4	4/4	2/2	4/4
Mr. Wing Tak Bill Lam	4/4	4/4	-	-
Mr. Mohamed Ashroff Omar	3/4	-	2/2	-
Mr. Hasitha Premaratne	4/4	-	-	4/4
Mr. Kit Vai Tou	4/4	-	-	-
Mr. Wai Loi Wan	0/4	-	-	-

This report is structured on the principles of Corporate Governance set out in the Code of Best Practice on Corporate Governance issued by CA Sri Lanka in December 2017 and the listing rules of the Colombo Stock Exchange.

Section 1: The Company

Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
A: DIRECTORS		
A.1 - THE BOARD		
Every public company should be headed by an effective Board, which should meet regularly, direct, lead and control the Company. The Board consists of two (2) Independent Non-Executive Directors and Five (5) Non-Executive Directors.		
A.1.1 Regular meetings, structure and process of submitting information.	☑	<p>The Board meets on a Quarterly basis and attendance of the meetings is given on page 66.</p> <p>Information to be reported to the Board includes;</p> <ul style="list-style-type: none"> • Financial and operational results including progress on agreed Key Performance Indicators and information on External operating Environment. • Forecast Performance for the financial year. • Impact of risk factors on financial and operating results and actions to mitigate such risks • Compliance with laws and regulations and any non-compliances • Information on Human Resources capital Expenditure • Share trading of the Company and related party transactions by Key Management Personnel • Any other matters the board should be aware of • The Board papers and the related documents are circulated one week prior to the Board meeting
A.1.2 Role & Responsibilities of the Board.	☑	<p>Board provides leadership to the Company, monitors risk management and ensures that oversight is maintained over high risk areas.</p> <p>The Board has put in place a Corporate Leadership Team with the required skills, experience and knowledge necessary to implement the business strategy of the Company.</p>
The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.		

☑ - Complied

N/A - Not Applicable

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Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.1.3. Compliance with the laws of the country and agree to obtain independent professional advice.	☑	<p>The Board collectively, and Directors individually, must act in accordance with the laws as applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations.</p> <p>Directors have the power to obtain independent professional advice as deemed necessary, in furtherance of their duties, at the Company's expense.</p> <p>This will be coordinated through the Board Secretary as and when it is requested.</p>
A.1.4. Access to the advice and services of the Company Secretary and Availability of Insurance Cover for Board, Directors and Key Management Personnel.	☑	<p>The services and advice of the Company Secretary are available to all the Directors. The Company Secretary acts as the Board Secretary as well.</p> <p>The Company Secretary ensures that Board procedures and all applicable rules and regulation are complied with.</p> <p>Teejay Lanka PLC has obtained a insurance cover for the Board, Directors and Key Management Personnel.</p>
A.1.5. Independent judgement of the Directors.	☑	<p>Directors bring independent judgement to bearing on decision taken by the Board on matters relating to strategy, performance, resource allocation, risk management and business conduct. Composition of the Board ensures that there is a sufficient balance of power and contribution by all Directors.</p> <p>All of the Board members are professionals who contribute with independent points of view and judgement.</p>
A.1.6 Dedication of adequate time and effort to matters of the Board and the Company.	☑	<p>All Directors of the Company dedicate adequate time and effort to fulfill their duties as Directors of the Company in order to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged.</p> <p>Dates of regular Board meetings and Board Sub – Committee meetings are scheduled well in advance and relevant papers are circulated a week prior to the meeting giving sufficient time for review.</p>
A.1.7 Calls for Resolutions.	☑	<p>One third of the Directors can call for a resolution to be presented to the Board if deemed necessary.</p>

Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.1.8 Training for new and existing Directors.	<input checked="" type="checkbox"/>	<p>The Board reviews the training and development needs of the Directors regularly and the Company is provided guidelines on General aspects of directorships and industry specific matters.</p> <p>As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organizations.</p>
A.2 - CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)		
There are two key tasks at the top of every public company – conducting of the business of the Board and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.		
Division of responsibilities of the Chairman and CEO.	<input checked="" type="checkbox"/>	The Board provides leadership and direction. The positions and functions of the Chairman and the CEO have been separated. The CEO is responsible for the day to day operations of the business.
A.3 - CHAIRMAN'S ROLE		
The Chairman's role in preserving good Corporate Governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.		
A.3.1 Role of the Chairman.	<input checked="" type="checkbox"/>	<p>Chairman facilitates the effective discharge of Board functions and ensure the following:</p> <ul style="list-style-type: none"> • Development of an appropriate agenda for Board meetings • Sufficient Information in Board papers and timely availability of the same. • The views of Directors on issues under consideration are ascertained. • Effective participation of all directors.
A.4 - FINANCIAL ACUMEN		
The Board should ensure the availability within it of those with sufficient Financial acumen and knowledge to offer guidance on matters of finance.		
Financial Acumen and Knowledge.	<input checked="" type="checkbox"/>	<p>The Board comprises two Chartered Accountants. One of them serves as chairman of the Audit Committee.</p> <ul style="list-style-type: none"> • Mr. Amitha Lal Gooneratne, Independent Non-Executive Director (IND/NED): FCA (SL), FCA (England & Wales). • Mr. Hasitha Premaratne, Non-Executive Director (NED): ACCA, FCMA(UK), CGMA.

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Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.5 - BOARD BALANCE		
The Code requires that a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking process. The Board consists of two [2] Independent Non-Executive Directors and Five [5] Non-Executive Directors.		
A.5.1 Presence of Non – Executive Directors.	<input checked="" type="checkbox"/>	Seven Directors are Non- Executive Directors.
A.5.2 Independent Non Executive Directors.	Under review as it is a new requirement	Two (02) out of Seven (07) Non Executive Directors are independent. The Board is reviewing this amended requirement.
A.5.3 Independence of Directors.	<input checked="" type="checkbox"/>	Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgement. Please refer below section of A. 5.5. The Board considers Non-Executive Directors' independence on an annual basis.
A.5.4 Annual Declaration of Directors.	<input checked="" type="checkbox"/>	The Board determines the independence of Directors on an annual basis based on Annual Declaration submitted in a prescribed format.
A.5.5 Annual Determination of Independence.	<input checked="" type="checkbox"/>	The Board has determined the independence of Directors with the basis for determination given in Code of Best Practices as a fair representation and will continue to evaluate their independence on this basis annually. Independent Non Executive Directors are, <ul style="list-style-type: none"> • Prof. Malik Kumar Ranasinghe • Mr. Amitha Lal Gooneratne Please refer page 19 and 20 for the profiles of the Directors.
A.5.6 Alternate Directors.	N/A	N/A
A.5.7 & A.5.8 Senior Independent Director & Confidential Discussions with Senior Independent Director.	N/A	This is not applicable as the Chairman and CEO is not the same person.
A.5.9 Chairman's meeting with Non Executive Directors.	<input checked="" type="checkbox"/>	All Board Directors are Non Executive Directors.
A.5.10 Record in the Board minutes of Concerns not unanimously resolved.	<input checked="" type="checkbox"/>	There has not been any unresolved matters in Board minutes.

Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.6 - SUPPLY OF INFORMATION		
The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.		
A.6.1 Management Obligation to provide appropriate and timely Information to the Board.	<input checked="" type="checkbox"/>	The Board is provided with timely information seven days prior to each Board meeting as per items included in the agenda for the meeting. The senior team attending the board meeting will provide any other information requested at the meeting spontaneously.
A.6.2 Adequate time for effective Board Meetings.	<input checked="" type="checkbox"/>	The minutes, agenda and papers are circulated in advance to facilitate its effective conduct.
A.7 - APPOINTMENTS TO THE BOARD		
There should be a formal and transparent procedure for the appointment of new Directors to the Board.		
A.7.1 Nomination Committee.	<input checked="" type="checkbox"/>	Remunerations and Nominations committee is in operation.
A.7.2 Assessment of Board Composition by the Nomination Committee.	<input checked="" type="checkbox"/>	Nominations committee keeps track of the composition of the board.
A.7.3 Disclosure of New Appointments.	<input checked="" type="checkbox"/>	Disclosures are made when new appointments are made.
A.8 - RE-ELECTION		
All Directors should be required to submit themselves for re-election at regular intervals and at least once every three years.		
A.8.1 & A.8.2 Re – election of Directors.	<input checked="" type="checkbox"/>	This is done as per Articles of Association. The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-election by the shareholders at that meeting.
A.8.3 Prior Communication of resignation of a Director.	<input checked="" type="checkbox"/>	In the event of Director resigning prior to the completion of his appointed term, written communication should be provided to the Board of his reasons for resignation.
A.9 - APPRAISAL OF BOARD PERFORMANCE		
Board should periodically appraise their own performance to ensure that Board responsibilities are satisfactorily discharged.		
A.9.1 & A.9.2 Annual performance evaluation of the Board and its committees.	<input checked="" type="checkbox"/>	The Board undertakes an annual self evaluation of its own performance and of its committees.
A.9.3 Evaluation at re-election.	<input checked="" type="checkbox"/>	The Board reviews the participation, contribution and engagement of each Director at the re-election.
A.9.4 Disclosure on performance evaluation criteria.	<input checked="" type="checkbox"/>	The Board conducts an annual self – assessment of its performance against predetermined targets set at the beginning of the year. Criteria relating to evaluation of Board Committees are the performance against their duties referred in the respective Committee reports. Refer page 94 and page 95.

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Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
A.10 - DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS		
Shareholders should be kept advised of relevant details in respect of Directors.		
A.10.1 Details in respect of Directors.	✓	<p>Name, qualification, brief profile and nature of expertise are given in the pages 19 and 20 of this Annual Report.</p> <p>Directors' shareholding information is given on page 174 of this Report.</p> <p>The number of Board meetings attended by the Directors is available on the page 66 of this Report.</p>
A.11 - APPRAISAL OF CHIEF EXECUTIVE OFFICER (CEO):		
The Board should be required, at least annually, to assess the performance of the CEO.		
A.11.1 & A.11.2 Evaluate the performance of the CEO.	✓	The short, medium and long-term objectives including financial and non-financial targets that should be met by the CEO are set and evaluated at the commencement of each fiscal year. The performances are evaluated in each quarter to ascertain whether the targets are achieved or achievement is reasonable in the circumstances.
B: DIRECTORS' REMUNERATION		
B.1 REMUNERATION PROCEDURE		
Company should have a well-established, formal, and Transparent procedure in place for developing an effective remuneration policy for Directors.		
B.1.1 Establishment of a Remuneration Committee.	✓	<p>The Committee is required to decide on the remuneration and set guidelines for the Key members of the Leadership Team.</p> <p>Please refer page 94 for the Remuneration Committee.</p>
B.1.2 Composition of Remuneration Committee.	✓	The Remuneration Committee consists of two (02) Independent Non Executive Directors and one (01) Non Executive Directors and the Chairman of this Committee is appointed by the Board.
B.1.3 Chairman and the members of the Remuneration Committee.	✓	<p>The Remuneration Committee consists of three (03) Directors.</p> <ul style="list-style-type: none"> • Prof. Malik Kumar Ranasinghe (Chairman) - Independent Non-Executive Director (IND/NED) • Mr. Amitha Lal Gooneratne - Independent Non-Executive Director (IND/NED) • Mr. Mohamed Ashroff Omar - Non-Executive Director (NED)

Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
B.1.4 Determination of Remuneration of the Non Executive Directors.	☑	The Board, as a whole, determines the remuneration of the Non Executive Directors including the members of the remuneration committee which the Board believes is in line with current market conditions.
B.1.5 Consultation of the Chairman and access to professional advice.	☑	Committee has the authority consult the Chairman or CEO about its proposals relating to the remuneration and access to professional advice from within and outside the Company.
B.2 - THE LEVEL AND MAKE UP OF REMUNERATION		
Levels of remuneration of Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Directors' remuneration should be structured to link rewards to corporate and individual performance		
B.2.1, B.2.2, B.2.3, B.2.4 & B.2.5 Levels of Remuneration.	☑	The Remuneration Committee structures the remuneration package to attract, retain and motivate.
B.2.6 Executive share options.	☑	An ESOS scheme is in operation to motivate and retain the key management personnel.
B.2.7 Designing schemes of related remuneration.	☑	The Remuneration committee follows the provisions set out in schedule E of the code as required.
B.2.8 & B.2.9 Early termination of Executive Directors.	N/A	Termination is governed by their contracts of service/ employment.
B.2.10 Levels of Remuneration of Non Executive Directors.	☑	Remuneration for Non- Executive Directors reflects the time commitment and responsibilities of their role, taking into consideration market practices.
B.3 - DISCLOSURE OF REMUNERATION		
The Company's Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.		
B.3.1 Disclosure of Remuneration.	☑	The Remuneration Committee Report in this annual report contains a statement on the Remuneration Policy. The total of Directors' Remuneration is reported in Note 8 to the Financial Statements
C: RELATIONS WITH SHAREHOLDERS		
C.1 - CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING (AGM)		
Boards should use the AGM to communicate with shareholders and should encourage their participation.		
C.1.1 Notice of AGM.	☑	The notice and the agenda of the Annual General Meeting together with the Annual Report with all other relevant documents are sent to the shareholders 15 working days prior to the meeting. Shareholders are engaged well at the AGM by the Board where questions and suggestions are welcome.

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Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
C.1.2 Separate resolution for substantially separate issues and adoption of Annual Report and Accounts.	<input checked="" type="checkbox"/>	<p>A separate resolution is proposed at an Annual General Meeting on each substantially separate item.</p> <p>Adoption of the Annual Report of the Board of Directors on the affairs of the Company, Statement of Compliance and the Financial Statements with the Independent Auditor's Report is considered as a separate resolution.</p> <p>A form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote.</p>
C.1.3 Votes and use of proxy.	<input checked="" type="checkbox"/>	The Company ensures that all proxy votes are properly recorded and counted.
C.1.4 Availability of all sub committee chairman at the Annual General Meeting (AGM).	<input checked="" type="checkbox"/>	The Board arranges the Chairman of the Audit Committee and Remuneration committee to be available to answer queries at the AGM when necessary.
C.1.5 Procedure of Voting at General meeting.	Complied as per Articles of Association.	A summary of the procedure governing voting at General Meeting is circulated to shareholders with every Notice of the General Meeting.
C.2 - COMMUNICATION WITH SHAREHOLDERS		
The code requires the Board should implement effective communication with shareholders.		
C.2.1 & C.2.2. Channel to reach all shareholders of the Company.	<input checked="" type="checkbox"/>	<p>The main mode of communication between the Company and the shareholders is the AGM. Further, Annual Reports, Quarterly Financial Statements, and Interim Reports, announcements are made through the Colombo Stock Exchange, other press releases and Annual / Extraordinary General Meetings.</p> <p>Shareholders may bring up concerns they have, with the Chairman, the Managing Director or the Secretaries, as appropriate.</p> <p>The soft version of the Annual Report is posted on the Company website as soon as they have been released to the Stock Exchange. The website posts news and latest updates of the Company.</p>
C.2.3 Implementation of the policy and methodology for communication with Shareholders.	<input checked="" type="checkbox"/>	In terms of the CSE Listing Rules, Annual Reports are issued in CD form. Please refer C.2.4 and C.2.5 for the further details.
C.2.4 Disclosure of contact person.	<input checked="" type="checkbox"/>	Details of contact persons are disclosed in the back inner cover of the Annual Report and Quarterly Financial Statements.

Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
C.2.5 Process to make Directors aware of Major issues and concerns of shareholders.	<input checked="" type="checkbox"/>	Company Secretary maintains a record of all correspondence received. All the major issues and concerns relating to shareholders are brought to the attention of the Board.
C.2.6 Person to be contacted with regard to shareholders' matters.	<input checked="" type="checkbox"/>	The Company Secretary holds the responsibility to be contacted in relation to shareholder's matters.
C.2.7 Response to the shareholders matters.	<input checked="" type="checkbox"/>	The process for responding to shareholder matters have been formulated by the Board and disclosed. The Chairman and the Directors answer all the queries raised by the shareholders at the AGM.
C.3 - MAJOR AND MATERIAL TRANSACTIONS		
Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the consolidated group net asset base.		
C.3.1 Disclosure of Major Transactions to shareholders.	<input checked="" type="checkbox"/>	During the year, there were no major transactions as defined by Section 185 of the Companies Act No 07 of 2007 which materially affect the net asset base of Company or the Group's consolidated net asset base.
C.3.2 Shareholders approval by Special resolution.	<input checked="" type="checkbox"/>	During the year, there were no major transactions which require approval by way of a special resolution.
D: ACCOUNTABILITY AND AUDIT & AUDIT COMMITTEE		
D.1 – FINANCIAL AND BUSINESS REPORTING		
D.1.1 & D.1.2 Board's responsibility for present a balanced and understandable assessment of the Company's financial position, performance and prospects.	<input checked="" type="checkbox"/>	Company has presented balanced and understandable financial statements which gives a true and fair view quarterly and annually. In the preparation of Financial Statements, Company has complied with the requirements of the Companies Act No 07 of 2007 and requirement of Sri Lanka Accounting Standards and Securities and Exchange Commission. Price sensitive public reports and reports for statutory requirements are also presented in a balanced and understandable manner.
D.1.3 CEO's & CFO's approval on financial Statements prior to Board approval.	<input checked="" type="checkbox"/>	Chief Financial Officer, Chief Executive Officer and two other Directors have signed the Financial Statements on behalf of the Board. The statement of Directors Responsibility and the Auditors Report for the reporting responsibility of auditors are given in pages 102 and 105 respectively.
D.1.4 The Director's Report.	<input checked="" type="checkbox"/>	The Annual Report of the Board of Directors on the affairs of the Company is given on pages 97 to 101.

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Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
D.1.5 Statement of Directors Responsibility, statement on internal controls and Auditors' Report.	<input checked="" type="checkbox"/>	The Statement of Director's Responsibilities for the financial statements and Director's statement on internal controls are given in page 102. The Auditors' Report is available on page 105.
D.1.6 Management Discussion and Analysis.	<input checked="" type="checkbox"/>	Please refer Management Discussion and Analysis on pages 32 to 62.
D.1.7. Summon an EGM to notify serious loss of capital.	N/A	In the event the Net Assets of the Company fall below 50% of the value of the Company's Stated Capital, the Directors will forthwith summon an Extraordinary General Meeting to notify shareholders' the remedial action being taken. However, such an event has not taken place since the adoption of the New Companies Act No 07 of 2007. Reason for such an EGM has not risen yet.
D.1.8 Disclosure of Related Party Transaction.	<input checked="" type="checkbox"/>	All related party transactions, as defined in Sri Lanka Accounting Standard (LKAS) 24 on "Related Party Transactions" are disclosed in Note 36 in Financial Statements.
D.2 – RISK MANAGEMENT AND INTERNAL CONTROL		
The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.		
D.2.1 Monitoring sound system of Internal Control.	<input checked="" type="checkbox"/>	The Board facilitates the Enterprise Risk Management process and reviews controls through various processes. The Board shares collective responsibility for controls within the organization's control environment. Board oversight is achieved through the Internal Audit function.
D.2.2 Assessment of principle risks facing the Company.	<input checked="" type="checkbox"/>	A robust assessment on risks involved in the Company has been carried out and the status reviewed at Audit Committee meeting. Mitigating actions have been identified and progress continuously reviewed. Refer pages 87 to 89 for Risk Management.
D.2.3 Internal Audit Function.	<input checked="" type="checkbox"/>	Internal Audit Department plays a significant role in assessing the effectiveness and successful implementation of existing controls and strengthening these and establishing new controls where it is necessary.
D.2.4 Review of the process and effectiveness of Risk Management and Internal Controls.	<input checked="" type="checkbox"/>	The Audit Committee reviews internal control issues and Risk Management measures and evaluates the adequacy and effectiveness of the risk management and internal control systems including financial reporting.
D.2.5 Director's responsibility of maintaining of a sound internal control system.	<input checked="" type="checkbox"/>	Please refer Statement of Directors' Responsibilities on page 102.

Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
D.3 – AUDIT COMMITTEE		
The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.		
D.3.1 Composition of the Audit Committee.	✓	<p>The Audit Committee consists of two [2] Independent Non-Executive Directors and one [1] Non-Executive Director.</p> <p>Chairman of the Audit Committee is an Independent non-executive director who is a member of The Institute of Chartered Accountants of Sri Lanka and the Institute of Chartered Accountants of England & Wales.</p> <p>Chief Executive Officer, other Board members and Chief Financial Officer attend Audit Committee meetings by invitation.</p>
D.3.2 Terms of reference of the Audit Committee & Duties of Audit Committee.	✓	<p>Activities and operation of the Audit Committee is governed by the Internal Audit Charter of the Company which is approved by the Board.</p> <p>Committee reviews the adequacy of systems in place for compliance with relevant legal, regulatory and ethical requirements and Company policies.</p> <p>The Audit Committee makes recommendations to the Board pertaining to appointment, re –appointment of External Auditors after assessing the independence and performance and approves the remuneration and terms of engagement of the External Auditors.</p> <p>Please refer Audit Committee Report on page 92.</p>
D.3.3 Disclosures of the members of Audit Committee.	✓	<p>The names of the members of the Audit committee are given under section D.3.1 and please refer "Audit Committee Report" in page 92 of this report.</p>
D.4 – RELATED PARTY TRANSACTION REVIEW COMMITTEE		
The Board should establish a procedure to ensure that the Company will not engage in " Related Party Transactions" in a manner that more favourable than with third parties in the normal course of business.		
D.4.1 Related Party Transactions.	✓	<p>Company is adhering to LKAS 24, and transactions entered into with related parties during the year is disclosed in note 36 to the Financial Statements.</p>

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Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
D.4.2 Composition of Related Party Transactions Committee.	<input checked="" type="checkbox"/>	<p>Related Party Transactions Review Committee consists of two (2) Independent Non Executive Directors and One (1) Non Executive Director.</p> <ul style="list-style-type: none"> • Mr. Amitha Lal Gooneratne - Chairman (Independent Non Executive Director) • Prof. Malik Kumar Ranasinghe (Independent Non Executive Director) • Mr. Hasitha Premaratne (Non Executive Director)
D.4.3 Terms of Reference.	<input checked="" type="checkbox"/>	<p>Related Party Transactions Review Committee has written terms of reference dealing with its authority and duties. Related Party Transactions Review Committee report describing the duties, task and attendance of the committee appear on page 96.</p>
D.5 - CODE OF BUSINESS CONDUCTED AND ETHICS		
<p>Companies must adopt a Code of Business Conduct & Ethics for directors and members of the senior management team and must promptly disclose any waivers of the Code for directors or others.</p>		
D.5.1 Code of Business conduct and Ethics.	<input checked="" type="checkbox"/>	<p>The Directors and members of the Senior Management team are bound by a Code of Business Conduct & Ethics. The Company has introduced a declaration of conflict of interest. The employees, at executives and above have signed, having read the document.</p>
D.5.2 Material and price sensitive information.	<input checked="" type="checkbox"/>	<p>Material and price sensitive information is promptly identified and reported to the shareholders via Colombo Stock Exchange.</p>
D.5.3 Shares purchased by directors and key management personnel.	<input checked="" type="checkbox"/>	<p>The Company has a policy and a Process for monitoring, and disclosure of shares purchased by any Director and key management personnel.</p> <p>Details of Directors share holdings are given in page 174 of the annual report of Board of Directors on the affairs of the Company.</p>
D.5.4 Affirmation of Code in the Annual Report by the Chairman.	<input checked="" type="checkbox"/>	<p>Please refer "The Chairman's Statement on pages 12 to 14.</p>
D.6 - CORPORATE GOVERNANCE DISCLOSURES		
<p>Directors of the Company disclose the extent to which the Company adheres to established principles and practices of good Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.</p>		
D.6.1 Disclosure of Corporate Governance.	<input checked="" type="checkbox"/>	<p>The extent to which the Company adheres to established principles and practices of good Corporate Governance is disclosed from pages 64 to 84 of this report.</p>

Section 2

Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
E: INSTITUTIONAL INVESTORS		
E.1 - SHAREHOLDER VOTING		
Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.		
E.1.1 Dialogue with shareholders.	<input checked="" type="checkbox"/>	All the investors are notified of the Annual General Meeting and all their views, comments and suggestions are encouraged. All items coming for voting at meetings are notified well with due notice for institutional shareholders to encourage the use of their votes.
E.2 EVALUATION OF GOVERNANCE DISCLOSURES		
When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.		
E.2 – Due weightage by Institutional Investors.	<input checked="" type="checkbox"/>	Key institutional investors are actively involved in appointing members to the Board.
F: OTHER INVESTORS		
F.1 - INVESTING/ DIVESTING DECISION		
Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.		
F.1. Adequate analysis.	<input checked="" type="checkbox"/>	All individual shareholders are provided with adequate information on the performance of the Company thereby encouraging them to analyze their investments adequately.
F.2 - SHAREHOLDER VOTING		
Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.		
F.2 Encouraging voting by Individual shareholders.	<input checked="" type="checkbox"/>	All individual shareholders are sent AGM notices well in advance, encouraging them to exercise their voting rights.
G: INTERNET OF THINGS AND CYBERSECURITY		
The Company has identified the cyber security related risks to its ICT infrastructure and addressed them through deployment of required restrictions and access technologies to its networks. Main ICT Infrastructure is not accessible freely. The Company has also implemented a Disaster Recovery Plan with required redundancy. Independent periodic reviews of the risks and the management of ICT policy are conducted through Professional Services Firms.		
G.1 Process to identify connectivity and consequent Cybersecurity Risks.	<input checked="" type="checkbox"/>	The Company has identified and addressed the risks through deployment of required restrictions and access technologies to its networks.
G.2 Appoint a CISO (Chief Information Security Officer) and allocate budget to implement Cybersecurity risk management policy.	<input checked="" type="checkbox"/>	Head of Group ICT is responsible to manage policy which is already implemented.

CORPORATE GOVERNANCE

Requirement reference to CASL & SEC code	Compliance Status	Details of Teejay Lanka PLC's Compliance
G.3 Discussions on Cyberrisk Management in Board Meetings.	<input checked="" type="checkbox"/>	Disaster Recovery plan is implemented.
G.4 Independent periodic review and assurance on effectiveness of Cybersecurity Risk Management.	<input checked="" type="checkbox"/>	Independent periodic reviews are conducted through Professional Services Firms.
G.5 Disclosure in Annual Report.	<input checked="" type="checkbox"/>	Please refer Risk Management section on pages 85 to 89 in this annual report.
H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)		
H.1.1 ESG Reporting.	<input checked="" type="checkbox"/>	Annual report contains sufficient and relevant information of ESG to assess how risks and Opportunities are recognized, managed, measured and reported in pages 35 to 36. The impact of ESG issues are disclosed in Risk Management report in pages 87 to 89.
H.1.2 The Environment.	<input checked="" type="checkbox"/>	The Company adopts an integrated approach which takes in to consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities, including pollution prevention, sustainable resource use, protection of environment and restoration of natural resources.
H.1.3 Social Factors.	<input checked="" type="checkbox"/>	The Company adopts an integrated approach to building strong relationship with community and strives towards sustainable development. Refer Social and Relationship Capital on pages 53 to 56 in this Annual Report.
H.1.4 Governance.	<input checked="" type="checkbox"/>	The Company established a governance structure to support its ability to create value and manage risks on all pertinent aspects of ESG.
H.1.5 Board's role on ESG Factors.	<input checked="" type="checkbox"/>	The Company has followed the Integrated Reporting Framework and the Global Reporting Initiative Guidelines in presenting this Annual Report.

Section 3

This section covers Levels of compliance with the CSE's Listing Rules - Section 7.10 Rules on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange.

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status	Applicable section in the Annual Report
7.10.1 (a)	Non Executive Directors: At least one third of the total number of Directors should be Non-Executive Directors (NED).	The Board consists of two (2) Independent Non-Executive Directors and Five (5) Non-Executive Directors. All directors are Non-Executive Directors.	<input checked="" type="checkbox"/>	Corporate Governance A.5.1
7.10.2 (a)	Independent Directors: Two or one third of Non-Executive Directors, whichever is higher, should be Independent.	Two of the seven Non-Executive Directors are independent.	<input checked="" type="checkbox"/>	Corporate Governance A.5.2
7.10.2.(b)	Independent Directors: Each Non-Executive Director should submit a declaration of independence/non-independence in the prescribed format.	All Non-Executive Directors have declared their independence in writing.	<input checked="" type="checkbox"/>	Corporate Governance A.5.4
7.10.3.(a)	Disclosures Relating to Directors: Names of Independent Directors should be disclosed in the Annual report.	The Board assessed the independence declared by the Directors and disclosed the same.	<input checked="" type="checkbox"/>	Corporate Governance A.5.5
7.10.3.(b)	Disclosures Relating To Directors: The basis for the Board to determine a Director is Independent, if criteria specified for Independence is not met.	The Board has determined that all Independent Non – Executive Directors satisfy the criteria for " Independence" set out in Listing Rules.	<input checked="" type="checkbox"/>	Corporate Governance A.5.5
7.10.3.(c)	Disclosures Relating To Directors: A brief resume of each Director should be included in the Annual Report and should include the Director's areas of expertise.	A brief resume of each director is included in the Annual Report.	<input checked="" type="checkbox"/>	Board of Directors Profile
7.10.3.(d)	Disclosures Relating To Directors: The appointments of new Directors should be disclosed to the Colombo Stock Exchange and to the public.	No new Director appointments made during the year.	N/A	N/A

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Teejays' Extent of Adoption	Compliance Status	Applicable section in the Annual Report
7.10.5 (a)	<p>Composition of Remuneration Committee.</p> <p>Shall comprise Non-Executive Directors, a majority of whom will be independent.</p>	The Remuneration Committee comprises of two Independent Non-Executive Directors one of whom functions as the Chairman of the Remuneration Committee and one Non-Executive Director.	☑	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5 and Remuneration Committee Report
7.10.5 (b)	<p>Functions of Remuneration Committee.</p> <p>The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors.</p>	Remuneration Committee determines the compensation of Chief Executive and the Members of the Group Leadership Team.	☑	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5 and Remuneration Committee Report on pages 94 to 95.
7.10.5 (c)	<p>Disclosure in the Annual Report relating to Remuneration Committee</p> <p>The Annual Report should set out;</p> <ul style="list-style-type: none"> Names of Directors comprising the Remuneration Committee. Statement of Remuneration Policy Aggregated remuneration paid to Executive & Non-Executive Directors. 	Names of Remuneration Committee members and Remuneration paid to Directors are disclosed.	☑	Corporate Governance B.1.1, B.1.2, B.1.3, B.1.4, B.1.5, B.2.1, B.2.2, B.2.3, B.2.4, Remuneration Committee Report and Note 8 to the Financial Statement on page 137.
7.10.6 (a)	<p>Composition Of Audit Committee</p> <p>Shall comprise Non-Executive Directors a majority of whom will be independent.</p>	The Audit Committee comprises of three members, two of whom are Independent Non-Executive Directors and one Non-Executive Director. One of the Independent Non-Executive Directors' functions as the Chairman of Audit Committee.	☑	Corporate Governance D.3.1, D.3.2 and Audit Committee Report on page 92.
7.10.6(b)	Audit Committee Functions.	Audit Committee facilitates and monitors Enterprise Risk Management process, the formulations of a Risk Based Audit Plan and the implementation of the same.	☑	Corporate Governance D.3.3 and Audit Committee Report on page 92.