

ELPITIYA PLANTATIONS PLC

Compliance with the Requirements of the Code of Best Practices on Corporate Governance 2017, as amended in 2023 issued by the Institute of Chartered Accountants of Sri Lanka

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
A.1	The Board	The Board is diverse and well balanced to effectively discharge its governance roles and responsibilities. All Directors are eminent professionals in their respective fields who bring varied perspectives to Board deliberations and constructively challenge management.	Compliant
A.1.1	Regular Meetings	Refer Corporate Governance Report.	Compliant
A.1.2	Role and Responsibilities of the Board	Refer Corporate Governance Report.	Compliant
A.1.3	Compliance with laws and access to independent professional advice	The Board ensures that the Company as well as its directors act in accordance with the laws of the country as applicable to the Company. In discharging its duties, the Board seeks independent professional advice from external parties when necessary, at the Company's expense.	Compliant
A.1.4	Access to advice from the Company Secretary	Refer the Corporate Governance Report.	Compliant
A.1.5	Independent judgment of the Directors	The Board comprises of professionals who exercise independent judgement in discharging their duties.	Compliant
A.1.6	Dedicating adequate time and effort	All Directors devote sufficient time to the affairs of the Company to facilitate discharge of their duties effectively. Board papers are circulated at least one week prior to the meeting providing sufficient time to review and call for any further information required to contribute effectively to the deliberations at the Board Meeting	Compliant
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.	Compliant
A.1.8	Training of Directors	Refer 'Induction & Director Learning' in the Corporate Governance Report.	Compliant

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A.2	Chairman and Chief Executive Officer	<p>There is a clear distinction of responsibilities between the Chairman and the Executive Directors of the Company. The functions performed by the Chairman and the Executive Directors are distinct and separate, which ensures the balance of power and authority within the Company, so that no person has unfettered powers of decision making.</p> <p>The Chairman controls and preserves order at Board meetings and provides the Board with strategic direction and guidance.</p> <p>The Executive Directors directly oversee the management of the Company and is responsible for the performance of the day-to-day operations of the Company.</p>	Compliant
A.3	Chairman's role	Please refer Corporate Governance Report.	Compliant
A.4	Financial Acumen	As apparent from the profiles of the Board, the Directors with their academic and/or entrepreneurial, financial skills and business acumen contribute substantial value and independent judgment to decision making on matters concerning financial investment.	Compliant
A.5	Board Balance	<p>Elpitiya Plantations PLC is governed by a well-balanced Board. It is composed of two Executive Directors (Managing Director and Joint Managing Director/CEO), two Independent Non-Executive Directors and five Non- Independent Non-Executive Directors. Chairman is Non-Executive Non-Independent. The diversity of skills and experience facilitates objective and informed deliberation of matters set before the Board.</p> <p>Each Independent Director has submitted a signed declaration with regard to his independence/non-independence as required by the Listing Rules of the Colombo Stock Exchange and based on such declarations submitted, the Directors have been determined two of the Non-Executive Directors to be independent by the Board. Please refer Corporate Governance report.</p> <p>Mr. A T S Sosa holds the office of Alternate Director of Mr. Malik J Fernando.</p> <p>Additionally, informal discussions take place between the Chairman and the Non-Executive Directors on matters that require their attention.</p> <p>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.</p>	Compliant

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A.6	Supply of Information	<p>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.</p> <p>Refer Corporate Governance Report.</p>	Compliant
A.7	Appointment of New Directors	<p>Upon the appointment of a new Director to the Board, the Company informs the Colombo Stock Exchange (“CSE”) of the said appointment, with a brief resume of such a Director, containing the nature of their expertise, relevant interest, other directorships held, memberships in Board Committees and the nature of appointment.</p> <p>Mr. D C Fernando was appointed as a Non-Independent Non-Executive Director of the Company w.e.f. 9th August 2023.</p> <p>Mr. A T S Sosa was appointed as the Alternate Director to Mr. D C Fernando w.e.f. 9th August 2023.</p>	Compliant
A.8	Re-election and Resignation	<p>Except the Managing Director and the Appointed Directors, all the other Directors are subject to retirement by rotation in terms of the Articles of Association of the Company.</p> <p>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.</p> <p>In the event that a director wishes to resign from his or her position as a Director, he/she is expected to provide a written communication to the Board formally tabling his or her resignation along with reasons for such resignation.</p>	Compliant
A.9	Appraisal of Board Performance	<p>The Board carries out a self-appraisal of itself annually with Directors individually appraising their own performance with reference to their key responsibilities. This serves to identify areas for improvements and gaps pertaining to Board administration and processes.</p>	Compliant
A.10	Disclosure of information in respect of Directors	<p>Refer Profiles of Directors, Annual Report of the Board of Directors and the Corporate Governance Report of this Annual Report.</p>	Compliant
A.11	Appraisal of the Chief Executive Officer	<p>The performance evaluation of the Executive Directors 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.</p>	Compliant

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B.1	Remuneration Procedure	<p>The Remuneration Committee is responsible for evaluating the performance of the Board of Directors and the Senior Management. Remuneration packages are structured to attract, retain and motivate them taking into consideration their roles and responsibilities, skills, experience and attributes. The Remuneration Committee consults the Chairman regarding Executive Directors' and Senior Managements' remuneration.</p> <p>No Director is involved in determining his or her own remuneration.</p>	Compliant
B.2	Remuneration Committee	<p>Remuneration of Executive Directors are designed to promote the short, medium and long term performance of the Company. The Remuneration Committee consults the Chairman regarding Executive Directors' and Senior Managements' remuneration.</p> <p>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.</p> <p>The Committee also considers external factors such as cost of living, inflation and industry norms.</p> <p>As at date, the Company has no share option scheme available to its Directors.</p> <p>The Remuneration Committee determines the remuneration of Directors in the event of early termination.</p> <p>Remuneration of Non-Executive Directors reflects the time commitment and responsibilities of their role. They are remunerated based on their attendance at Board and/or Committee meetings.</p> <p>The Remuneration Committee Report gives the composition of the Committee and a description of its activities during the year.</p>	Compliant
B.3	Disclosure of Remuneration	Refer the Remuneration Committee Report and note 9 in the Financial Statements of this Annual Report.	Compliant
C.1	Constructive use of the AGM and conduct of meetings	<p>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.</p> <p>Separate resolutions are proposed for substantially separate issues to provide shareholders the opportunity to deal with each significant issue separately.</p> <p>All proxy appointments received are duly recorded and counted in respect of each resolution on which a vote has been taken.</p> <p>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 communicated to the shareholders. In the absence of such intimation, all issues at the AGM will be passed by an appropriate voting method.</p>	Compliant

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		<p>The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.</p> <p>The Shareholders are informed of the procedure relating to voting at the Annual General Meeting. Every shareholder is entitled to one vote per share at a poll.</p>	
C.2	Communication with shareholders	Refer Corporate Governance Report.	Compliant
C.3	Major and Material Transactions	<p>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.</p> <p>The Company is also compliant with the requirements of Rule 9.14 of the Listing Rules in terms of reviewing all related party transactions which may require shareholder disclosure/approval.</p>	Compliant
D.1.	Financial and Business Reporting	<p>The Board recognizes its responsibility to present a balanced and understandable assessment of the Group's financial position. The Board of Directors confirm that the Financial Statements of the Company and its subsidiary have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Company has duly complied with all the relevant laws and reporting requirements of regulatory authorities. The consolidated Financial Statements and the Financial Statements of the Company were audited by Messrs. Ernst & Young, Chartered Accountants. Annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange,</p> <p>The Statement of Financial Position in the Financial Statements of this Annual Report contains a declaration by an Executive Director and the Finance Manager of the Managing Agent. The following reports are available in compliance with the Code:</p> <ul style="list-style-type: none"> • Annual Report of the Board of Directors • Statement of Directors' Responsibility • Independent Auditor's Report • The Board of Directors' Statement of Internal Control • Management discussion & analysis • Related Party Transactions have been disclosed in Note 34 to the Financial Statements and the processes followed by the Company in the Related party transactions Review Committee Report of this Annual Report <p>In the unlikely event that the net assets of the Company fall below half of the shareholders' funds, the shareholders of the Company would be notified and an Extraordinary General Meeting would be called to propose the way forward.</p>	Compliant
D.2	Risk Management and Internal Control	Refer Risk Management Report, the Board of Directors' Statement of Internal Control and the Report of the Audit Committee.	Compliant

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D.3	Audit Committee	<p>The Audit Committee comprises two Independent Non-Executive Directors and has a written Terms of Reference which is summarized in the Audit Committee Report of this Annual Report.</p> <p>Refer the Report of the Audit Committee of this Annual Report.</p>	Compliant
D.4.	Risk Committee	At present the Audit Committee covers the functions of the Risk Committee as well.	Compliant
D.5	Related Party Transactions Review Committee	<p>The Related Party Transactions Review Committee comprises three Non-Executive Directors, two of whom are Independent.</p> <p>Refer the Report of the Related Party Transactions Review Committee of this Annual Report.</p>	Compliant
D.6.	Code of Business Conduct and Ethics	<p>The Group is committed to conducting its business operations with integrity, professionalism and with respect to the rights and interests of all stakeholders. All employees and Directors abide by the Group Code of Ethics & Professional Conduct which embodies a strong set of corporate values and conduct including a zero-tolerance approach to unethical behaviour. The code is available on the intranet for information of all employees and is reinforced at all levels through training and structured communication. During the year, all employees were given access to review the Group's Code of Ethics & Professional Conduct on the Group's online learning platform.</p> <p>Refer the Board of Directors' Statement on Internal Controls of this Annual Report.</p> <p>Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.</p> <p>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 this Annual Report.</p>	Compliant
D.7	Corporate Governance Disclosures	Refer the Annual Report of the Board of Directors and the Corporate Governance Report.	Compliant
E	Institutional Investors	<p>The Company 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 or by prior appointment.</p> <p>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.</p>	Compliant
F	Other Investors	The Company provides sufficient relevant and material financial and non-financial information in its Annual Report to facilitate meaningful analysis and obtaining independent annual advice regarding their investment. Refer Shareholder and Investor Information in the Corporate Governance Report	Compliant

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G	Internet of things and Cybersecurity	<p>The Board holds the primary responsibility for overseeing technology and information governance to ensure the Group achieves its strategic objectives. It has established essential infrastructure, organizational frameworks, policies and procedures to effectively govern its digital assets, systems and information.</p> <p>Elpitiya Plantations PLC, being a Group Company of Aitken Spence PLC ensures the confidentiality, integrity and availability of data through the certifications available for Aitken Spence Group.</p> <p>The Board of Directors receives regular updates on existing controls for cyber risk mitigation and potential exposures. This proactive approach underscores our commitment to safeguarding information assets and maintaining resilience against evolving cyber threats.</p>	Compliant
H	Sustainability: ESG Risk and Opportunities	Refer Leveraging on our Capital Report, Risk Management Report and Corporate Governance Report of this Annual Report	Compliant
I	Special considerations for Listed Entities	Refer Compliance with Section 9 of the Listing Rules issued by the Colombo Stock Exchange.	Compliant