

GOING BEYOND

GOVERNANCE

CORPORATE GOVERNANCE COMMENTARY

The Group's robust and comprehensive corporate governance framework, endeavours to create an enabling environment for growth in a structured, sustainable and transparent manner, whilst following all mandatory regulations and ensuring the highest levels of corporate governance.

The Group's corporate governance philosophy is institutionalised across all its business units, and this philosophy has continuously created value for all its stakeholders, notwithstanding the external environment and macroeconomic conditions.

The Group's governance framework is supported by internal policies, processes and structures aimed at meeting, and, where possible, exceeding accepted best practice, in addition to the 'triggers' which ensure compliance with mandatory regulatory requirements. This framework is regularly reviewed and updated to reflect global best practice, evolving regulations, and dynamic stakeholder needs, while maintaining its foundational principles of accountability, participation, integrity and transparency.

As the necessary governance processes and procedures were already embedded across the business, the Group's efforts during the year centred on presenting the governance narrative in a manner that clearly showcases the Board's involvement and contribution to value creation, thereby improving the quality and relevance of our governance reporting. Compliance with applicable statutory requirements is summarised in the narrative and discussed in detail in the compliance tables.

The ensuing discussion comprises of the following key aspects:

- Significant components of the JKH Corporate Governance System
- Monitoring mechanisms in place to ensure strict compliance with the Group's Governance policy
- Outlook and emerging challenges for corporate governance
- JKH's compliance with all mandatory requirements of law and its voluntary adoption of recommended codes in the governance field

Compliance Summary

Mandatory Regulatory Frameworks – fully compliant

The Companies Act No. 7 of 2007 including applicable regulations

Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021, including rules, regulations, directives and circulars

Listing Rules of the Colombo Stock Exchange (CSE), including circulars

Code of Best Practices on Related Party Transactions (2013) advocated by the SEC

Voluntary Frameworks and Standards

Code of Best Practice on Corporate Governance (2023) issued by Chartered Accountants (CA) Sri Lanka – compliant to the extent of business exigency and as required by the Group

Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka – compliant to the extent of business exigency and as required by the Group

Transparency International Sri Lanka assessment criteria on transparency in corporate reporting

Reporting Frameworks

International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)

Global Reporting Initiative Standards

Internal Mechanisms

Articles of Association

Board Charter and Board Sub-Committee Charters

Internal Policies, which includes the Code of Conduct

1.1 Corporate Governance Highlights for 2024/25

- The Group undertook a thorough reassessment of its internal policy framework to align with the updated Listing Rules of the CSE. Additionally, a comprehensive Board Charter was formulated to establish a clear and consistent governance structure for the JKH Board, aimed at enhancing oversight, accountability, and operational effectiveness across the Group.

 Refer Section 3.1.2 and 5.3

- Aligned with the revised Listing Rules of the CSE, the Group restructured the Board Committee framework for its listed subsidiaries. Effective 1 October 2024, separate Board Committees were established for each listed subsidiary. This marked a shift from the earlier practice where JKH's certain Board Committees, played this role, ensuring adherence to the Group's overarching governance principles. Going forward, while each respective subsidiary has its own Board Committee, the parent company Board Committee will have oversight to ensure broad alignment of the Group's governing principles.

 Refer Section 3.2

- The Group embarked on a comprehensive financial transformation initiative aimed at optimising processes and improving efficiency, increasing agility, aligning with business strategy, and enhancing data-driven insights and decision-making by leveraging technology as an enabler. This involved a detailed analysis of financial workflows, identifying existing challenges, and reshaping the finance function to play a more strategic role in business operations. The transformation emphasised leveraging technology and advanced analytics, to address areas of manual work and enhance controls. By focusing on scalable processes, data-driven insights, and continuous improvement, the initiative aimed to strengthen reporting accuracy, support informed decision-making, and ensure robust financial system security.
- While the supermarket and insurance businesses are already on the latest platform, the core system of the Group will be migrated to S/4 HANA, the latest SAP database built on a single data structure and architecture. These cloud-based solutions enable operational enhancements, real-time decision-making, increased agility, improved customer satisfaction, innovation, better risk management, and cost optimisation. The integration of advanced artificial intelligence (AI) driven analytics empowers

the Group with deeper insights into customer behaviour, market trends, and operational performance, fostering data-informed decision-making and personalised customer experiences.

 Refer Section 4.4

- The Group has in place a Forensic Data Analytics platform to bolster financial governance and strengthen risk oversight through automated Transaction Outlier Detection. By continuously monitoring critical accounting data sets, the system identifies unusual patterns and issues categorised alerts for prompt management intervention. Harnessing the power of machine learning and behavioural analytics, this platform, which is aligned with international standards, enhances fraud detection, supports risk mitigation strategies and ensures regulatory compliance.

 Refer Section 5.7.2

- The Group implemented measures to align its data governance practices with the Personal Data Protection Act No. 09 of 2022 (PDPA). Data Protection Officers (DPOs) have been designated across industry groups to oversee data compliance efforts, supported by a Data Governance Steering Committee that offers strategic guidance. To further enhance its data protection framework, the Group engaged external consultants to conduct a gap analysis, evaluate and refine its technical, security, and organisational measures. Additionally, the Group remains vigilant about regulatory developments and actively collaborates with the Data Protection Authority (DPA) through public consultations, ensuring sustained compliance and adherence to industry-leading best practice.

 Refer Section 5.7.2

- The Group advanced its environmental, social, and governance (ESG) framework by refining its ambitions and establishing a robust governance structure. The ESG ambitions were formally approved by the Group's Executive Committee, followed by the introduction of a governance framework to oversee and implement these commitments effectively. Key roles were designated, including Group Ambition Heads, Group Ambition Champions, and a Group-level Steering Committee, each guided by clearly defined responsibilities outlined in the ESG Steering Committee mandate. Initial kick-off meetings were conducted to create milestone plans, ensuring steady progress towards the Group's short, medium, and long term ESG objectives.

 Refer Section 4.7

- Building on the Group's overhaul of its Competency Framework, which introduced nine revised Success Drivers in the previous year, sector-specific awareness sessions and digital learning initiatives were implemented to engage employees. Success Drivers has been integrated into the performance management process to assess employees and identify development areas for 2024/25.

 Refer Section 4.2.1

- To align with SLFRS S1 and S2, the local standards introduced by CA Sri Lanka for sustainability related financial disclosures and climate specific disclosures, the Group partnered with an external consultant with international expertise to perform a comprehensive gap analysis across both Group and sector-level teams. This initiative ensures readiness to meet the CSE's reporting requirements for 2025/26. The standards are effective from 1 January 2025.

 Refer Section 6.4

1.2 Key Announcements in 2024/25 to the Colombo Stock Exchange

- Following the announcement in November 2023 regarding the termination of the Regulation S and Rule 144A Global Depositary Receipts (GDR) Programme, the termination and delisting of the Global Depositary Receipts Programmes from the Luxembourg Stock Exchange was completed in August 2024. The GDR programme was terminated owing to the relatively low number of GDRs in issue and given that they were not a significant contributor to facilitating trading in Company securities.
- In July 2024, JKH announced a Rights Issue of Ordinary Shares, followed by a Sub-division of Ordinary Shares. The proceeds of the Rights Issue were to support the project funding requirement at the Group subsidiary, Waterfront Properties (Private) Limited (WPL), the developer of the City of Dreams Sri Lanka integrated resort. Subsequent to shareholder approval, JKH raised Rs.24,042,175,200/- through the Rights Issue of 150,263,595 new Ordinary Shares at an issue price of Rs.160/- per share. The Rights Issue was oversubscribed, and the new Ordinary Shares allotted from the Rights Issue were listed on 22 October 2024.
- In November 2024, the Sub-division of Ordinary Shares in the ratio of one (1) existing share (post the Rights Issue) into ten (10) Ordinary Shares was completed, with the commencement of the trading of shares on 6 November 2024.
- In January 2025, HWIC Asia Fund (HWIC) exercised its option to convert the remaining 98,125,000 convertible debentures, amounting to Rs.12.76 billion. As a result, JKH issued and listed 1,079,375,000 new Ordinary Shares, as adjusted for the impacts of the Rights Issue and Sub-division of Shares. This issuance led to a dilution of 6.13%, with HWIC's shareholding in JKH increasing to 24.31% of the total Ordinary Shares as of 24 January 2025. Consequently, the public holding percentage of JKH decreased from 79.81% to 74.93% as of 24 January 2025, following the listing of these new shares. There are no outstanding convertible Debentures as all Debentures originally issued have now been fully converted.
- In line with the revised CSE Listing Rules, Mr. D.A. Cabraal was redesignated as a Non-Independent Non-Executive Director of JKH, effective from 1 January 2025, as Mr. Cabraal no longer met the independence criteria due to his service on the Board exceeding nine years.
- In April 2025, the Group divested the totality of its 37.62% equity stake in Tea Smallholder Factories PLC, a subsidiary of JKH, comprising of 11,286,000 ordinary shares, at Rs.35 per share for a total consideration of Rs.395 million.
- The Board declared a final dividend of Rs.0.50 per share in May 2024 for the financial year 2023/24. The Board approved a first and second interim dividend of Rs.0.05 per share each, in November 2024 and February 2025. The per share dividend is similar to the dividend of Rs.0.50 per share that was historically declared prior to the sub-division of shares of 10 shares for every 1 share held which was carried out in November 2024. A final dividend of Rs.0.05 per share was declared for May 2025 for the financial year 2024/25. Accordingly, the dividend declared for 2024/25 is Rs.0.15 per share [2023/24: Rs.1.50 per share (Rs.0.15 per share if adjusted for comparison purposes)], amounting to a total dividend outlay of Rs.2.59 billion.

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1.3 Board Appointments and Retirements in 2024/25

- Having completed over nine consecutive years on the Board, Mr. N. Fonseka (Senior Independent Director) retired from the Board of Directors with effect from 1 July 2024.
- Dr. H. Wijayasuriya was appointed as the new Senior Independent Director with effect from 1 July 2024.
- Mr. M. Jayasinghe was appointed to the Board as an Independent, Non-Executive Director with effect from 1 July 2024.
- Ms. R. Shukla was appointed to the Board as an Independent, Non-Executive Director with effect from 1 July 2024.

1.4 Highlights of the 45th Annual General Meeting Held on 28 June 2024

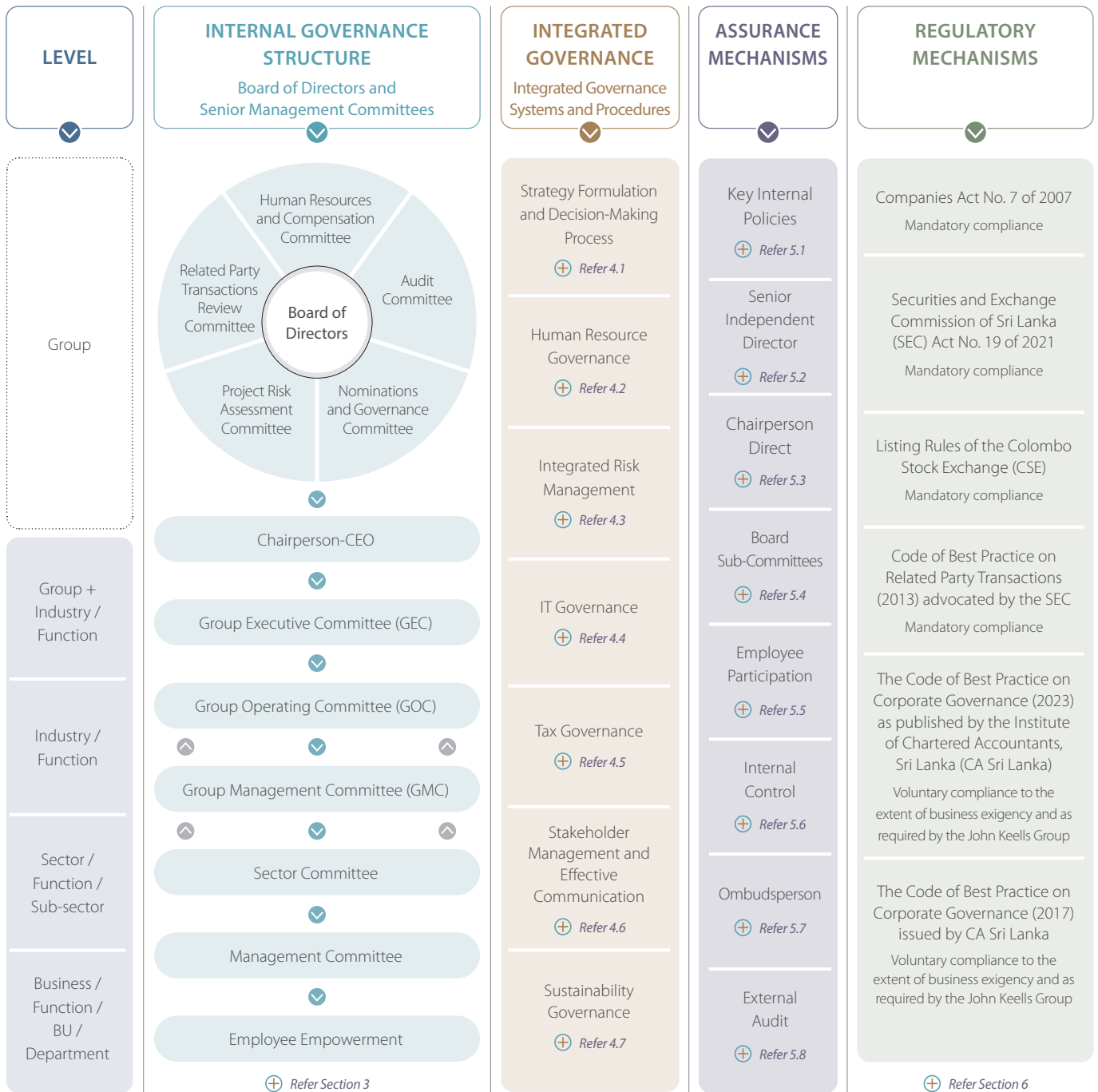
- Dr. H. Wijayasuriya, who retired in terms of Article 84 of the Articles of Association of the Company was re-elected as an Independent Non-Executive Director of the Company.
- Dr. S. Coorey, who retired in terms of Article 84 of the Articles of Association of the Company was re-elected as an Independent Non-Executive Director of the Company.
- Mr. S. Fernando, who retired in terms of Article 91 of the Articles of Association of the Company was re-elected as an Independent Non-Executive Director of the Company.
- Ernst & Young (E&Y) was re-appointed as the External Auditors of the Company and the Directors were authorised to determine the remuneration of E&Y.

The 46th Annual General Meeting of the Company will be held on 27 June 2025.

1.5 Extra Ordinary General Meetings

- An Extraordinary General Meeting took place on 28 June 2024, during which the Articles of Association were amended to incorporate the requirements outlined in Section 9.9 of the revised Listing Rules of the CSE regarding Alternate Directors.
- An Extraordinary General Meeting took place on 9 September 2024, for the purpose of passing the resolution on a Rights Issue and the Sub-division of Ordinary Shares of the Company.

2 THE CORPORATE GOVERNANCE SYSTEM

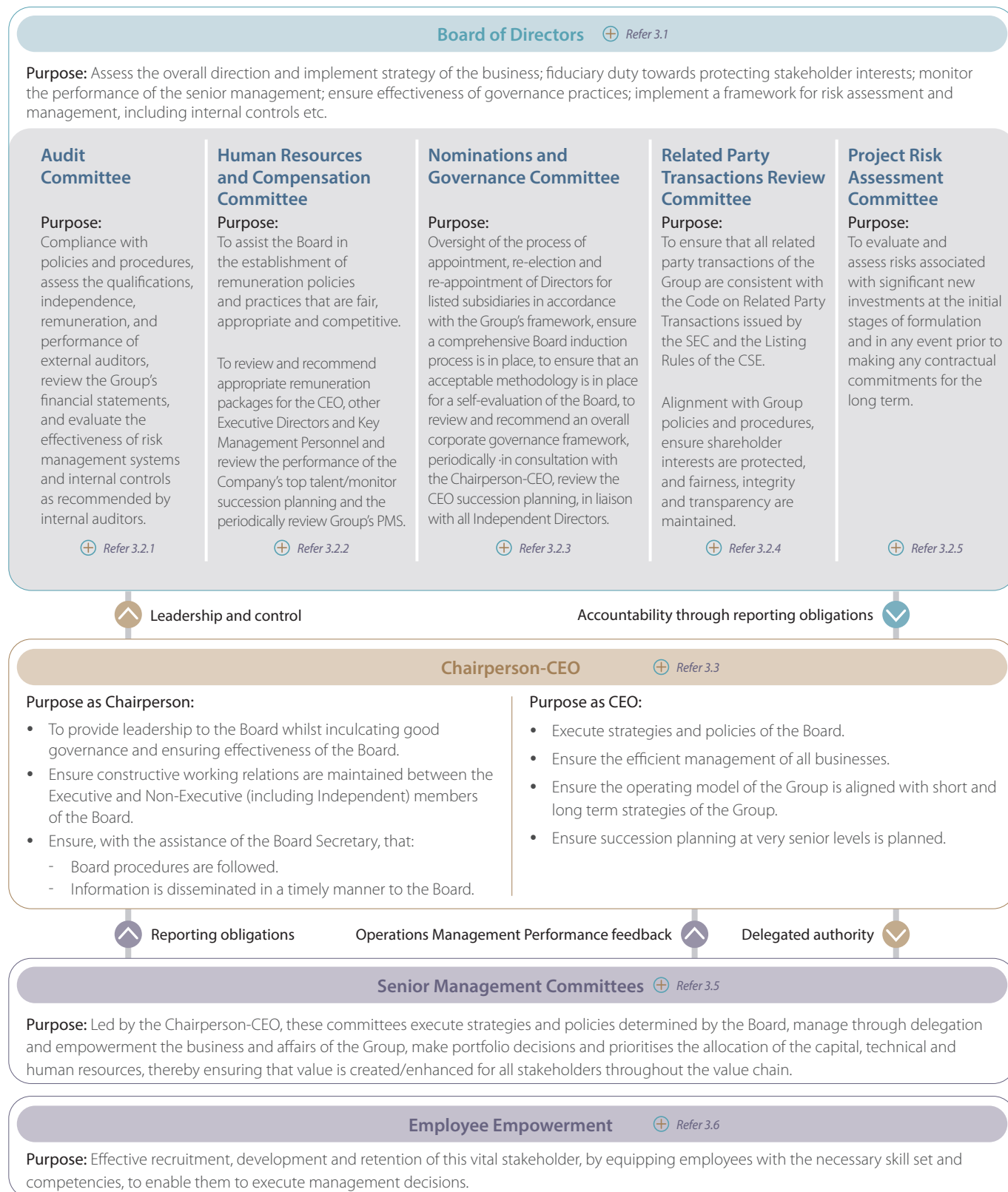


- All five Board Sub-Committees are chaired by Independent Directors appointed by the Board.
- The Chairperson-CEO is present at all Human Resources and Compensation Committee meetings unless the Chairperson-CEO's performance assessment or remuneration is under discussion. The Deputy Chairperson/Group Finance Director is invited, as necessary.
- Audit Committee meetings are attended by the Chairperson-CEO, the Deputy Chairperson/Group Finance Director and the Head of Group Business Process Review, as the Committee Secretary. External Auditors and the Group Financial Controller are regular attendees.
- The GOC acts as the binding agent to the various businesses within the Group towards identifying and extracting Group synergies.
- Only the key components are depicted in the diagram.

CORPORATE GOVERNANCE COMMENTARY

3 INTERNAL GOVERNANCE STRUCTURE

The Internal Governance Structure comprises of the committees which formulate, execute and monitor Group strategies and initiatives and the policies, processes and procedures employed for doing so. These components have an impact on the execution and monitoring of all governance related initiatives, systems and methods, and is illustrated as follows:



The components of the internal governance structures are strengthened and complemented by internal policies, processes and procedures, such as, strategy formulation and decision making, human resource governance, sustainability governance, integrated risk management, IT governance, tax stewardship and stakeholder management and effective communication.

3.1 The Board of Directors

The JKH Board has the authority to manage the affairs of the Group in accordance with its Articles, applicable law and the Group's operating model. Aligned with the revised Listing Rules of the CSE effective from 1 October 2024, the Group restructured the Board Sub-Committees for its listed subsidiaries, where separate Sub-Committees were established for each listed subsidiary.

All decisions of the Board are made collectively and in a manner that upholds the principles of accountability, transparency, and good governance. Appropriate checks and balances are in place, as discussed in detail within this Commentary, to prevent the concentration of power in a single individual and to promote effective decision-making.

3.1.1 Board Oversight and Delegation of Authority

While the Board is accountable and responsible for the strategic direction and management of the Group, it delegates the authority to the Chairperson-CEO and senior management to carry out day-to-day operations of the businesses. Once the Board has delegated broad authority, its primary responsibility is to oversee management's performance and ensure compliance with the broad policies and established governance principles. The Board reserves the right to withdraw or change any delegation of authority as deemed appropriate.

Board oversight involves the continual inquiry by Directors into whether the Board's delegation of authority to management is reasonable, and whether the Board has received sufficient and accurate information from management to make that determination.

Typical areas of oversight include strategic initiatives, portfolio decisions, financial performance, the integrity of financial statements, accounting and financial reporting processes, risk management, information technology and security, governance and compliance, and ESG matters.

The Group's governance framework ensures that Directors are well-positioned to satisfy their oversight responsibility through periodic assessment of Board agenda priorities and the related structures, processes, and controls that are in place to ensure that the Board is well informed on a timely basis of matters requiring attention. Appropriate and sufficiently detailed reports are furnished at regular intervals in a form, timeframe and quality that enables the Board to discharge its duties effectively.

3.1.2 Board Responsibilities and Duties

The Board's principal role is to oversee the management and governance of the Group, ensuring that it operates in the best interests of its shareholders and stakeholders. The Board Charter sets out the overall governance framework and the roles and responsibilities of the JKH Board. It is designed to ensure clarity and consistency in the Board functions and promotes effective oversight and accountability in the Group's operations.

While the Board assumes these responsibilities on behalf of the shareholders, the Directors recognise that other stakeholders including employees, customers, business partners, regulators and, ultimately, the general public will benefit from effective performance and enhanced governance processes.

The Board's key responsibilities include:

- Providing direction and guidance to the Group in the formulation of sustainable, high-level, medium, and long term strategies which are aimed at promoting the long term success of the Group.
- Reviewing and approving annual plans and long term business plans.
- Tracking actual progress against plans.
- Conducting business with an awareness on ESG factors and embedding these principles into the Group's operations, decision-making processes, and broader strategies.
- Reviewing human resource (HR) processes with emphasis on top management succession planning, including the diversity, equity and inclusion (DE&I) strategy.
- Ensuring operations are carried within the scope of the Enterprise Risk Management framework.
- Ensuring that IT governance aligns with the Group's strategic objectives, addressing risks related to cybersecurity, data privacy, compliance, and technology investments.
- Appointing and reviewing the performance of the Chairperson-CEO.
- Ensuring compliance with laws, regulations and ethical standards and monitoring systems of governance and compliance, including concerns on ethics, bribery and corruption.
- Overseeing systems of internal control, risk management and establishing whistle-blowing conduits.
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels.
- Reviewing and approving major acquisitions, disposals and capital expenditure.
- Approving any amendments to constitutional documents.
- Approving the issue of JKH equity/debt/hybrid securities.
- Ensuring all related party transactions are compliant with statutory obligations.
- Ensuring that the Group's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.
- Ensuring all stakeholder interests are considered in corporate decisions.
- Ensuring sustainable business development in corporate strategy decisions and activities.
- Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned.

3.1.3 Board Composition

The Group policy is to maintain a healthy balance between Executive, Non-Executive and Independent Directors, in keeping with the applicable rules and codes, with the Executive Directors bringing in deep knowledge of the businesses and the Non-Executive Independent Directors bringing in experience, objectivity and independent oversight. Independent Non-Executive Directors add value to strategic discussions and decision-making, whilst enhancing fair-mindedness.

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In terms of composition, the Board shall comprise no fewer than three and no more than twelve Directors, as permitted by the Articles. However, in accordance with the Listing Rules, the Board must have a minimum of five Directors. The optimal number of Directors ranges from five to ten, ensuring compliance with applicable laws while facilitating effective group dynamics, fostering individual responsibility, providing adequate expertise, and supporting sound decision-making. The Board includes at least two Independent Directors or such number equivalent to one third of the total number of Directors, whichever is higher, at any given time to be compliant with the Applicable Laws.

The key changes to the Board composition during the year under review are as follows:

- Mr. N. Fonseka, (Independent Non-Executive Director), retired from the Board with effect from 1 July 2024, having served on the Board of Directors for over nine consecutive years.
- Dr. H. Wijayasuriya (Independent Non-Executive Director) was appointed as the Senior Independent Director of the Company, with effect from 1 July 2024, consequent to Mr. N. Fonseka's retirement from the Board.
- Mr. M. Jayasinghe was appointed to the Board with effect from 1 July 2024 as an Independent Non-Executive Director.
- Ms. R. Shukla was appointed to the Board with effect from 1 July 2024 as an Independent Non-Executive Director.
- Mr. A. Cabraal was redesignated as a Non-Independent Non-Executive Director of the Company, with effect from 1 January 2025 given the fact that Mr. Cabraal no longer meets the independence criteria outlined in the Listing Rules of the CSE, due to his service on the Board exceeding nine years. It is the view of the Board that the retention of Non-Executive Directors such as Mr. Cabraal will supplement the deliberations of the Board by providing more institutional knowledge, particularly with long gestation projects such as Cinnamon Life at City of Dreams Sri Lanka coming into fruition and ramping up to full scale operations over the next few years.

As at 27 May 2025, the Board comprised of eight Directors, with five of them being Independent Non-Executive Directors, ensuring a strong element of independence on the Board, and one Director being Non-Independent Non-Executive Director (due to his service on the Board exceeding nine years).

Name of Director	Executive/ Non-Executive Director	Independent/Non-Independent Director	Year of Appointment	Age (as at 31 March 2025)	Meeting Attendance (Eligible to attend/ Attended)	Board Sub-Committee Membership (as at 31 March 2025)					Tenure on the Board (Years as at May 2025)
						AC	HRCC	NGC	RPTRC	PRAC	
A. Cabraal*	NED	NID	2013/14	68	8/8	●	●	●	●	●	11
S. Coorey	NED	ID	2022/23	66	8/8			▲			2
S. Fernando	NED	ID	2023/24	51	8/6	●	▲		●		1
N. Fonseka**	NED	ID	2013/14	72	1/1						11
M. Jayasinghe***	NED	ID	2024/25	62	7/7	▲			▲		9 months
R. Shukla**	NED	ID	2024/25	52	7/6						9 months
H. Wijayasuriya****	NED	ID	2016/17	57	8/8		●	●		▲	8
K. Balendra	ED	NID	2016/17	52	8/8					●	8
G. Cooray	ED	NID	2016/17	48	8/8					●	8

● Member ▲ Chair

*Non-Independent Non-Executive Director, effective from 1 January 2025, as he no longer met the independence criteria due to his service on the Board exceeding nine years.

**Retired from the Board with effect from 1 July 2024

*** Appointed to the Board with effect from 1 July 2024

****Senior Independent Director

AC - Audit Committee

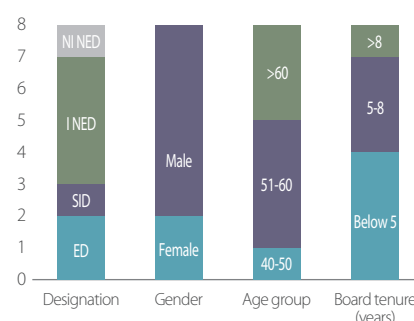
HRCC - Human Resources and Compensation Committee

NGC - Nominations and Governance Committee

RPTRC - Related Party Transactions Review Committee

PRAC - Project Risk Assessment Committee

Composition of the JKH Board



NI NED – Non-Independent Non-Executive Director

INED – Independent Non-Executive Director

SID – Senior Independent Director

ED – Executive Director

3.1.4 Board Skills

The Board regularly assesses its collective skills and experience to align with the Group's strategic needs and will use its best endeavours to promote gender diversity and the representation of females on the Board in compliance with applicable law.

Collectively, the Board brings in a multi-dimensional wealth of exposure in the fields of management, business administration, banking, finance, economics, taxation, global multinational operations, information technology, marketing and human resources. All Directors possess the skills, expertise and knowledge complemented with a high sense of integrity and independent judgement.

Further details of their qualifications and experience are provided under the Board and Management Profiles section - page 225.

3.1.5 Board Access to Independent Professional Advice

To preserve the independence of the Board and to strengthen decision making, the Board is encouraged to seek independent professional advice, where applicable and relevant, in furtherance of their duties, at the Group's expense. This is coordinated through the Board Secretary, as and when requested.

3.1.6 Board Appointment

Board appointments follow a structured and formal process within the purview of the Nominations and Governance Committee. The Committee has overall responsibility for making recommendations to the Board on all new appointments and for ensuring that the Board and its Committees have the appropriate balance of skills. The Board considers the recommendations of the Nominations and Governance Committee for appointment or re-election by the Board and, where relevant, by the shareholders at the Annual General Meeting.

Details of new Director appointments are disclosed to the CSE and media at the time of their appointment through a public announcement, covering the following:

- A brief resume of the Director.
- The nature of their expertise in relevant functional areas.
- The names of companies in which the Director holds directorships or memberships in Board committees.
- Whether such Director can be considered Independent.
- The Director's relevant interest in the shares of the Company.

Details of such appointments are also carried as relevant in Annual Reports, Interim releases and Investor Relations publications.

The Group has implemented requisite measures to ensure that the Directors and the CEO consistently meet the fit and proper criteria stipulated in Section 9.7 of and Independent Directors meet the independence criteria stipulated under Section 9.8.3. The Nominations and Governance Committee evaluates the fulfilment of the fit and proper criteria outlined in the Listing Rules prior to presenting nominations at the shareholders' Meeting or making appointments. Additionally, annual declarations from Independent Non-Executive Directors are obtained to confirm compliance with independence criteria and annual declarations from Directors and CEO are obtained, confirming that each individual has consistently met the fit and proper assessment criteria outlined in these Rules throughout the relevant financial year and continues to meet the criteria as of the date of such confirmation and any non-compliances shall be disclosed.

 *The Terms of Reference for the members of the Nominations and Governance Committee, and the Committee report can be found in the Nominations and Governance Committee section of this report. - page 246*

3.1.7 Board Induction and Training

When Directors are newly appointed to the Board, they undergo a comprehensive induction where they are apprised, inter-alia, of the Group values and culture, its operating model, policies, governance framework and processes, the Code of Conduct (which includes anti-corruption and anti-bribery) and the operational, environmental and social strategies of the Group.

Additionally, the newly appointed Directors are granted access to relevant segments of the business and are given the opportunity to meet with Key Management Personnel and other key service providers such as External Auditors and consultants, as required.

The Board of Directors recognise the need for continuous training and expansion of knowledge and undertakes such professional development, as they consider necessary, to assist them in carrying out their duties as Directors. To this effect, the Chairperson, Senior

Independent Director (SID), and the Nominations and Governance Committee periodically reviews any training and development needs of the Board and recommends any identified gaps to the Board.

Each Director is responsible for ensuring continuous learning and development in their areas of expertise and that their professional qualifications/licenses and memberships are maintained.

The Chairperson ensures that the Board and the Nominations and Governance Committee is informed of significant developments in applicable laws, rules, regulations and corporate governance practices, including any impacts to the Group, including ensuring that the senior management reports on the Group's compliance with applicable laws, rules and regulations.

3.1.8 Re-Election

All Non-Executive Directors are appointed for a period of three years, aligned with the Annual General Meeting, and are eligible for re-election, subject to the recommendation of the Nominations and Governance Committee and approval of the Board. All Non-Executive Directors may serve a maximum of three (3) successive terms, totalling nine (9) years unless otherwise permitted under Applicable Law or unless an extended Board tenure is necessitated by the requirements of the Group.

All contracts are renewed by the Board based on the recommendation of the Nominations and Governance Committee. Nominations and Governance Committee recommendations will be based on the Director's meeting the fit and proper criteria and, in the case of Independent Directors, independence criteria in addition to other requirements pertaining to qualifications, skills and experience, strategic demands facing the company, time commitments and diversity.

In terms of the Articles of Association, one third of all the Executive and Non-Executive Directors retire by rotation, except for the Chairperson-CEO, and are eligible for re-election at the Annual General Meeting by the shareholders.

Annually, the Board discusses the possibility of any impairment of Director independence due to extended Board tenures and collectively evaluates the independence of such Board members.

3.1.9 Board Meetings

3.1.9.1 Regularity of Meetings and Pre-Board Meetings

The quarterly Board meetings are scheduled well in advance to ensure full attendance. Directors joining the Board and the Board Committees meetings through audio visual means are accounted for attendance. All pre-scheduled Board meetings are generally preceded by a Pre-Board meeting, which is usually held on the day prior to the formal Board meeting. In addition to these Pre-Board meetings, the Board of Directors communicate, as appropriate, when issues of strategic importance requiring extensive discussions arise.

The Board may increase the frequency of meetings based on the needs of the Board and the business exigencies of the Group. The Chairperson presides at all Board and Pre-Board meetings, unless excused or absent, in which circumstance either the Deputy Chairperson or Senior Independent Director shall lead proceedings. Directors are required to attend a minimum of two or 50% of the meetings held during the financial year, whichever is higher, unless otherwise excused by the Board.

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Pertinent Board discussions and decisions are recorded by the Board Secretary in the Board minutes and such minutes are put forward for approval of the Board at the next Board meeting. All records pertaining to Board meetings and decisions are maintained in the minute book by the Board Secretary.

During the financial year under review, there were eight Board meetings. The attendance at the Board meetings held during the financial year 2024/25 is given below:

Name	Year of Appointment to the Board	21/05/2024	30/07/2024	24/09/2024	05/11/2024	31/12/2024	25/01/2025	17/03/2025	31/03/2025	Eligibility	Attended
A. Cabraal	2013/14	✓	✓	✓	✓	✓	✓	✓	✓	8	8
S. Coorey	2022/23	✓	✓	✓	✓	✓	✓	✓	✓	8	8
S. Fernando	2023/24	✓	✓	✓	✓	✗	✓	✗	✓	8	6
N. Fonseka*	2013/14	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1
M. Jayasinghe**	2024/25	N/A	✓	✓	✓	✓	✓	✓	✓	7	7
R. Shukla**	2024/25	N/A	✓	✓	✓	✓	✓	✓	✗	7	6
H. Wijayasuriya	2016/17	✓	✓	✓	✓	✓	✓	✓	✓	8	8
K. Balendra	2016/17	✓	✓	✓	✓	✓	✓	✓	✓	8	8
G. Cooray	2016/17	✓	✓	✓	✓	✓	✓	✓	✓	8	8

*Retired with effect from 1 July 2024.

**Appointed with effect from 1 July 2024.

3.1.9.2 Timely Supply of Information

The Directors were provided with the necessary information, well in advance, by way of electronic Board papers and proposals, as relevant, for all Board meetings held during the year, in addition to the monthly and quarterly information submitted pertaining to the Group, in order to ensure robust discussion, informed deliberation and effective decision-making.

The Directors continue to have access to, and independent contact with, the corporate and senior management of the Group.

3.1.9.3 Board Agenda

The agenda for meetings is determined by the Chairperson, where relevant, consulting the Deputy Chairperson, the Senior Independent Director and Board Secretary, with information relevant to such meetings disseminated to the Board in a timely manner. During the period under review, the Chairperson-CEO ensured that all Board proceedings were conducted smoothly and efficiently, approving the agenda for each meeting prepared by the Board Secretary.

The typical Board agenda in 2024/25 entailed, discussion of matters arising from the previous minutes, submission of Board Sub-Committee reports, status updates of major projects and raising of capital, review of performance, strategy formulation, approval of quarterly and annual financial statements, review of risk, sustainability and corporate social responsibility related aspects, ratification of capital expenditure, ratification of Circular Resolutions and use of Common Seal, among others. Added emphasis was also placed on discussing and monitoring of progress on the commencement of operations of the Cinnamon Life hotel at City of Dreams Sri Lanka as well as the West Container Terminal at the Port of Colombo.

3.1.10 Board Secretary

The President - Legal, Secretarial and Corporate Social Responsibility (CSR) of the Group, who is an Attorney-at-Law by profession and a registered company secretarial practitioner, is the Secretary to the Board.

The key responsibilities of the Board Secretary:

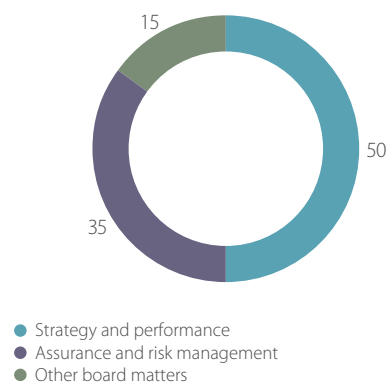
- Assist the Board with compliance related matters pertaining to the Articles, Applicable Law and corporate governance practices adopted by the Group.
- Organise, coordinate, and support the scheduling of Board meetings, ensuring that all required documents and agendas are distributed in advance.
- Attend Board meetings and record minutes and ensure that all decisions are accurately documented.
- Facilitate regular updates to the Board on key developments in Applicable Law and corporate governance practices.
- Assist in monitoring the Board's compliance with internal policies.
- Facilitate communications between the Board and the management of the Group.

3.1.11 Time Dedicated by Non-Executive Directors

The Board has dedicated adequate time for the fulfilment of their duties as Directors of the Group. It is estimated that each Non-Executive Directors devoted ~30 full time equivalent days to the Group during the year. The general time allocation is illustrated below.

Time Commitment

(%)



In addition to attending Board meetings and Pre-Board meetings, the Directors have attended the respective Sub-Committee meetings and have also contributed to decision-making via Circular Resolutions and one-on-one meetings with Key Management Personnel, when necessary.

3.1.12 Board Evaluation

The Board conducted its annual Board performance appraisal for the financial year 2024/25. The process for the annual evaluation of the performance of the Board is established under oversight of SID and NGC and evaluation of CEO under HRCC. This formalised process of individual appraisal enabled each member to self-appraise, on an anonymous basis, the performance of the Board under the areas of:

- Role clarity and effective discharge of responsibilities
- People mix, balance and structures
- Systems and procedures
- Quality of participation
- Board and corporate image and reputation

The scoring and open comments are collated by the Senior Independent Director to ensure an independent evaluation process. The results are analysed to give the Board an indication of its effectiveness as well as areas that require addressing and/or strengthening. Despite the original anonymity of the remarks, the open and frank discussions that follow include some Directors identifying themselves as the person making the remark, reflecting the openness of the Board. This process has led to an improvement in the Board dynamics based on the evaluations and deliberations in the past.

More recent deliberations have centred around the completion of the large ticket investments of the Group, continuous enhancement on the approach to proactively managing identification of risks, particularly in relation to cybersecurity risks, business resilience and enterprise risk management, including holistic ESG-related policies.

It also includes periodic 360-degree appraisals for Executive Directors and other Key Management Personnel.

3.1.13 Ensuring Independence and Managing Conflicts of Interests

As at 27 May 2025, the Board comprised of eight Directors, with five of them being Independent Non-Executive Directors, ensuring a strong element of independence on the Board. One Director is Non-Independent Non-Executive Director due to his service on the Board exceeding nine years.

The Group takes necessary steps to ensure that Directors avoid situations in which they have, or could have, a direct or indirect interest which conflicts with, or might possibly conflict, with the interests of the Group.

In order to avoid such potential conflicts or biases, the Directors make a general disclosure of interests, as illustrated below, at appointment, at the beginning of every financial year, and during the year, as required. The confirmatory statement shall include declaration of all material interests in contracts involving the Company and whether they have refrained from voting on materially interested matters.

Such potential conflicts are reviewed by the Board from time to time to ensure the integrity of the Board's independence. The details of companies in which Board members hold Board or Board Committee membership are available with the Company Secretary for inspection by shareholders, on request.

Prior to Appointment

- Nominees are requested to make known their various interests.
- Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria (to the extent applicable).

Once Appointed

- Directors obtain Board clearance prior to:
 - Accepting a new position.
 - Engaging in any transaction that could create or potentially create a conflict of interest.
- All NEDs are required to notify the Chairperson-CEO of any changes to their current Board representations or interests and a new declaration is made annually.
- Provision of declarations and documents to confirm that there are no conflicts, meet the fit and proper criteria and satisfy the independence criteria (to the extent applicable).

During Board Meetings

- Directors who have an interest in a matter under discussion:
 - Excuse themselves from deliberations on the subject matter.
 - Abstain from voting on the subject matter (abstention from decisions is duly minuted).

Amendment to Section 9.8.3 (ix) of the Listing Rules of the CSE

With effect from 1 March 2025, CSE amended the listing rule section 9.8.3 (ix) Listing Rule relating to a Director losing his/her independence after reaching the age of 70 years. As per the amended rule, a Director above 70 years may be considered independent if:

1. The Nominations and Governance Committee recommends the appointment, providing justification and rationale.
2. The Board of Directors approves the recommendation.
3. The recommendation and Board approval are affirmed by passing a resolution through majority vote of public shareholders at a General Meeting.

The existing Directors above 70 years may continue as Independent Directors if the entity complies with these conditions at the next General Meeting, held within 12 months of the rule's adoption. The approval process for Directors over 70 years to be considered independent must be repeated at each Annual General Meeting.

CORPORATE GOVERNANCE COMMENTARY

The independence of all its Non-Executive Directors was reviewed on the basis of criteria summarised as follows. The Non-Executive Independent Director did not have a conflict of interest, as per the criteria for independence outlined below.

Criteria for defining independence	Status of conformity of NEDs
1. Shareholding carrying not less than 10% of voting rights.	None of the individual EDs' or NED/IDs' shareholdings exceed 1%.
2. Director of another company*.	None of the NED/IDs are Directors of another related party company.
3. Income/non-cash benefit equivalent to 20% of the Director's annual income excluding income/non-cash benefits received which are applicable on a uniform basis to all non-executive Directors on the Board.	NED/ID income/cash benefits are less than 20% of an individual Director's annual income.
4. Employment at JKH and/or material business relationship with JKH, currently or in the three years immediately preceding appointment as a Director.	None of the NED/IDs are employed or have been employed at JKH.
5. Close family member is a Director, Chief Executive Officer (CEO) or a Key Management Personnel.	No family member of the EDs or NED/IDs is a Director or CEO or a Key Management Personnel of a related party company.
6. Has served on the Board continuously for a period exceeding nine years from the date of the first appointment.	All NEDs, except Mr. A. Cabraal, satisfied this criterion for the year 2024/25. The Board of Directors resolved to redesignate Mr. A. Cabraal as a Non-Independent Non-Executive Director of the Company, effective from 1 January 2025. The redesignation is based on the fact that Mr. A. Cabraal no longer meets the independence criteria outlined in the Listing Rules of the CSE, due to his service on the Board exceeding nine years.
7. Is employed, is a Director, has a material business relationship and/or significant shareholding in other companies*. Entails other companies that have significant shareholding in JKH and/or JKH has a business connection with.	None of the NED/IDs are employed, are Directors, or have a material business relationship or a significant shareholding of another related party company as defined.
8. Is below 70 years of age, unless Nominations and Governance Committee recommends the appointment, The Board of Directors approves the recommendation and Board approval is affirmed by passing a resolution through majority vote of public shareholders at a General Meeting.	None of the Directors are above the age of 70.

*Other companies in which a majority of the other Directors of the listed company are employed or are Directors or have a significant shareholding or have a material business relationship or where the core line of business of such company is in direct conflict with the line of business of the listed company.

3.1.13.1 Details in Respect of Directors

In accordance with the Group Policy and Applicable Law, the Directors shall not hold more than fifteen directorships in listed companies.

The following table illustrates the total number of Board seats held and employed as Key Management Personnel in other companies by each Director.

Name of Director	No. of Board Seats Held in Other Listed Sri Lankan Companies			No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	Key Management Personnel	
A. Cabraal	-	<ul style="list-style-type: none"> Ceylon Beverage Holdings PLC Lion Brewery (Ceylon) PLC Sunshine Holdings PLC Watawala Plantations PLC 	-	<ul style="list-style-type: none"> CIC Feeds (Pvt) Ltd – Chairman/NED CIC Vetcare (Pvt) Ltd – Chairman/NED CIC Poultry Farms (Pvt) Ltd – Chairman/NED CIC Bio Security Breeder Farms (Pvt) Ltd – Chairman/NED Asiavet Lifescience (Pvt) Ltd – Chairman/NED Silvermill Investment Holdings (Pvt) Ltd – Chairman/NED Sunshine Consumer Lanka Ltd – Chairman/NED Sunshine Healthcare Lanka Ltd – Chairman/NED Healthguard Pharmacy Ltd – Chairman/NED Lina Manufacturing (Pvt) Ltd – Chairman/NED Lino Spiro (Pvt) Ltd – Chairman/NED Sunshine Foundation for Good-NED Sunshine Tea (Pvt) Ltd – Chairman/NED Moose Clothing Colombo (Pvt) Ltd – Chairman/NED
S. Coorey	-	<ul style="list-style-type: none"> Dialog Axiata PLC 	-	-

Name of Director	No. of Board Seats Held in Other Listed Sri Lankan Companies			No. of Board Seats Held in Other Unlisted Sri Lankan Companies
	Executive Capacity	Non-Executive Capacity	Key Management Personnel	
S. Fernando	-	-	<ul style="list-style-type: none"> CEO of MAS Holdings (Private) Limited 	<ul style="list-style-type: none"> MAS Capital (Private) Limited Unichela (Private) Limited Silueta (Private) Limited MAS Innovations (Private) Limited Aqua Trading Global (Private) Limited Linea Aqua (Private) Limited MAS Fabrics (Private) Limited Noyon Lanka (Private) Limited MAS Active (Private) Limited MAS Investments (Private) Limited Bodyline (Private) Limited Bodyline Trading (Private) Limited Texo (Private) Limited World Vision Lanka
M. Jayasinghe*	-	<ul style="list-style-type: none"> Diesel and Motor Engineering PLC Ceylon Hospitals PLC C W Mackie PLC Lanka Milk Food (CWE) PLC Lanka IOC PLC Vallibel One PLC Royal Ceramics PLC 	-	<ul style="list-style-type: none"> Sahasya Investments Ltd Lanka Dairies Ltd NMJ Leisure (Pvt) Ltd Governing Board Member Central Bank of Sri Lanka Chairman Accounting Standards Committee Sri Lanka Chairman of the Accounting Standards Committee of the South Asia Federation of Accountants (SAFA) Member Auditing Standards Committee
R. Shukla*	-	-	-	-
H. Wijayasuriya	-	-	-	<ul style="list-style-type: none"> Director of Colours of Courage Trust (Guarantee) Limited Director of Sigiriya Leisure (Pvt) Ltd Director of Sigiriya Residencies (Pvt) Ltd Director of Tangalle Leisure (Pvt) Ltd Dialog Foundation – Trustee Sigiriya Trust – Trustee
K. Balendra	-	<ul style="list-style-type: none"> Asian Hotels & Properties PLC Ceylon Cold Stores PLC John Keells PLC John Keells Hotels PLC Keells Food Products PLC Trans Asia Hotels PLC Union Assurance PLC Tea Smallholder Factories PLC** 	-	Director of several unlisted companies in the John Keells Group.***
G. Cooray	-	<ul style="list-style-type: none"> Asian Hotels & Properties PLC Ceylon Cold Stores PLC John Keells PLC John Keells Hotels PLC Keells Food Products PLC Trans Asia Hotels PLC Tea Smallholder Factories PLC ** 	-	

* Appointed with effect from 1 July 2024.

** Resigned with effect from 3 April 2025

***Refer Group Directory of the Annual Report for further details

 Refer Board and Management Profiles for other appointments held in trade associations, regional and sectoral councils, regulatory bodies, among others.

CORPORATE GOVERNANCE COMMENTARY

Directors' Shareholding (John Keells Holdings PLC)	Shares as at 31 March 2025*	Shares as at 31 March 2024
A. Cabraal	2,767,030	250,137
S. Coorey	-	-
S. Fernando	477,400	36,900
N. Fonseka**	N/A	-
M. Jayasinghe***	525,670	N/A
R. Shukla***	-	N/A
H. Wijayasuriya	-	-
K. Balendra****	129,519,027	10,914,400
G. Cooray	4,524,450	208,587

*Adjustments have been made to reflect the Rights Issue and Sub-division of shares.

**Retired with effect from 1 July 2024.

*** Appointed with effect from 1 July 2024.

****Includes shareholding of spouse.

Executive Directors' Shareholding in Listed Group Companies:	Number of Shares as at 31 March 2025	
	K Balendra*	G Cooray
Ceylon Cold Stores PLC	802,320	-
Asian Hotels and Properties PLC	-	10,600
Trans Asia Hotels PLC	-	1,200

*Includes shareholding of spouse.

3.1.14 Director Remuneration

3.1.14.1 Executive Director Remuneration


The Human Resource Compensation Committee (HRCC) is responsible for determining the compensation of the Chairperson-CEO and the Deputy Chairperson/Group Finance Director, both Executive Directors of the Group. The HRCC operates in conformity with applicable rules and regulations.

The HRCC is comprised of majority Independent, Non-Executive Directors and serves as an independent conduit for shareholder and other stakeholder interests. The members of the HRCC, as with all other Directors of the Company, are appointed by the Board on the recommendations of the Nominations and Governance Committee and are put forward for re-election by the shareholders at the Annual General Meeting convened following their appointment.

 Refer the Human Resources and Compensation Committee section of this report for further details. - page 245

A material proportion of Executive Director remuneration is variable. The variability is linked to the peer-adjusted consolidated Group bottom line and expected returns on shareholder funds, which aligns with the interest of shareholders by incentivising sustainable value creation over time. In determining remuneration, other non-financial key performance indicators (KPIs), including ESG considerations, are also given due prominence. Further, the HRCC consults the Chairperson-CEO about any proposals relating to the Executive Director remuneration, other than that of the Chairperson-CEO.

During the year, employee share options (ESOPs), valued using a binomial pricing model, were granted to the Executive Directors as well as to all other eligible employees.

 Further details are found in the Notes to the Financial Statements section - page 376 and Share Information section - page 135.

Options available to Executive Directors under Employee Share Options Scheme:

Year of expiry	K Balendra			G Cooray		
	Granted shares (Adjusted)*	Immediately vesting	To be vested	Granted shares (Adjusted)*	Immediately vesting	To be vested
2025/26	4,510,637	4,510,637	-	4,310,164	4,310,164	-
2026/27	4,510,637	3,382,978	1,127,659	4,310,164	3,232,624	1,077,540
2027/28	4,510,637	2,255,319	2,255,318	4,129,739	2,064,870	2,064,869
2028/29	3,608,510	902,128	2,706,382	3,303,791	825,948	2,477,843
2029/30	4,460,519	-	4,460,519	4,104,680	-	4,104,680
Total	21,600,940	11,051,061	10,549,879	20,158,538	10,433,605	9,724,933

*Adjusted for Rights Issue and Sub-division of shares

Excluding ESOPs granted, the total aggregate remuneration paid to Executive Directors for the year under review was Rs.349 million [2023/24: Rs.263 million] of which Rs.156 million [2023/24: Rs.92 million] was the variable portion linked to the performance benchmark as described above and Rs.193 million [2023/24: Rs.171 million] was the fixed remuneration.

3.1.14.2 Non-Executive Director Remuneration

The compensation of Non-Executive Directors is determined by the Board, based on the principles of non-discriminatory pay practices and with reference to fees paid to other Non-Executive Directors of comparable companies, macroeconomic conditions, time commitments to be made by such Directors and the complexities of the Company and/or Group.

Non-Executive Directors were paid additional fees for either chairing or being a member of a Sub-Committee and did not receive any performance/incentive payments/share option plans.

The total aggregate of Non-Executive Director remuneration for the year was Rs.30 million [2023/24: Rs.26 million].

Directors' Remuneration and Compensation of Key Management Personnel of John Keells Holdings PLC for the year ended 31 March 2025:

LKR (millions)	2024/25	2023/24
Remuneration to Executive Directors	349	263
Fixed	193	171
Variable	156	92
Remuneration to Non-Executive Directors	30	26

 Refer Note 44.7 of the financial statement for further details - page 393

3.1.14.3 Compensation for Early Termination

In the event of an early termination of a Director, there are no compensation commitments other than for:

- Executive Directors: as per their employment contract similar to any other employee.
- Non-Executive Directors: accrued fees payable for Board and Board Committee membership, if any, as per the terms of their contract.

Apart from the remuneration and compensation disclosed above, no other considerations such as recruitment incentives, termination benefits, or retirement benefits have been made to the Directors.

3.2 Board Sub-Committees

Whilst retaining final decision rights, the Board has delegated certain functions to Board Sub-Committees. Members of these Sub-Committees focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise.

The five Board Sub-Committees are as follows:

- Audit Committee
- Human Resources and Compensation Committee
- Nominations and Governance Committee
- Related Party Transactions Review Committee
- Project Risk Assessment Committee

Out of the five Board Sub-Committees, four are mandatory, whilst the Project Risk Assessment Committee was formed voluntarily, considering the need to understand the risks and feasibility of material new investments at an earlier stage for better alignment with the Board given the diverse nature of businesses within the Group.

Important matters arising from the Board Sub-Committee meetings are deliberated at the Board meetings, and any concerns identified are referred to the Board for oversight.

The Board Sub-Committees comprise predominantly of Independent Non-Executive Directors.

The membership of the five Board Sub-Committees is as follows;

Board Sub-Committee membership as at 31 March 2025	Audit Committee	Human Resources and Compensation Committee	Nominations Committee	Related Party Transactions Review Committee	Project Risk Assessment Committee
Senior Independent Non-Executive					
H. Wijayasuriya		●	●		▲
Independent Non-Executive					
S. Coorey			▲		
S. Fernando	●	▲		●	
M. Jayasinghe	▲			▲	
R. Shukla					
Non-Independent Non-Executive					
A. Cabraal	●	●	●	●	●
Executive					
K. Balendra – Chairperson-CEO					●
G. Cooray – Deputy Chairperson/Group Finance Director					●

● Committee Member ▲ Committee Chair

3.2.1 Audit Committee

Composition

- All members are Non-Executive Directors, with a majority being Independent and the chairperson of the Committee having significant, recent and relevant financial management and accounting experience, and membership in a recognised professional accounting body.
- The Chairperson-CEO and the Group Finance Director are permanent invitees for all Committee meetings. The Group Financial Controller is also present at discussions relating to Group reporting.
- The Head of the Group Business Process Review division is the Secretary of the Committee.

Scope

- Overseeing the preparation, presentation and review of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations, prior to tabling the same for the approval of the Board of Directors.
- Assess the adequacy and effectiveness of the internal control environment in the Group and ensure that appropriate action is taken by management on the recommendations of the internal auditors and to prevent the leakage of material information to unauthorised persons.
- Obtain and review assurance received from the CEO, Group Finance Director and other Key Management Personnel, as relevant, that the financial records have been properly maintained, and the financial statements give a true and fair view of the Company's and Group's operations and finances.
- Evaluate the competence and effectiveness of the risk management systems and internal controls of the Group and ensure robustness and effectiveness in monitoring and controlling risks, as recommended by the internal auditors.
- Review the adequacy and effectiveness of internal and external audit arrangements.
- Review the risk policies adopted by the Company on an annual basis.
- Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence.

3.2.1.2 Audit Committee Meeting attendance

No. of meetings – Five

	Eligible to Attend	Attended	Date of Appointment
A. Cabraal	5	5	07/11/2013
S. Fernando	5	5	09/08/2023
N. Fonseka*	2	2	07/11/2013
M. Jayasinghe**	3	3	01/07/2024
By invitation			
K. Balendra	5	5	-
G. Cooray	5	5	-

*Retired with effect from 1 July 2024.

**Appointed with effect from 1 July 2024.

Note: The Committee convened at least once every quarter.

CORPORATE GOVERNANCE COMMENTARY

3.2.1.1 Report of the Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the financial statements of the Company and the Group, the internal control and risk management framework and systems of the Group, compliance with legal and regulatory requirements, the External Auditors' suitability, performance, and independence, and, the adequacy and performance of the Internal Audit function undertaken by the Group Business Process Review division (Group BPR). The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed annually. The Committee's responsibilities pertain to the Group as a whole and in discharging its responsibilities, the Committee places reliance on the work of other Audit Committees in the Group without prejudicing the independence of those Committees. However, to the extent, and in a manner, it considers appropriate, the Committee provides feedback to those entities for their consideration and necessary action.

The effectiveness of the Committee is evaluated annually by each member of the Committee and the results are communicated to the Board.

Composition of the Committee and Meetings

The Audit Committee comprises the following Independent Non-Executive Directors:

M Jayasinghe – Chairperson - Independent Non-Executive Director (appointed w.e.f. 1 July 2024)

A Cabraal – Non-Independent Non-Executive Director

S Fernando – Independent Non-Executive Director

N Fonseka – Independent Non-Executive Director (retired from the Audit Committee w.e.f. 1 July 2024)

The Head of the Group BPR division served as the Secretary to the Audit Committee.

The Audit Committee met five times during the financial year. Information on the attendance at these meetings by the members of the Committee is given in the ensuing section. The Chairperson/CEO, the Deputy Chairperson/Group Finance Director, Group Financial Controller and the External Auditors attended most parts of these meetings by invitation. The Internal Auditors carried out outsourced assignments and relevant executives of the Company and the Group also attended these meetings when needed. The findings and corrective actions presented in the internal audit reports were reviewed by the Committee. The Group's Risk Management division presented to the Audit Committee the risk dashboard along with any changes. The Committee engaged with management to review key risks faced by the Group as a whole and the main sectors with a view to obtaining assurances that appropriate and effective risk mitigation strategies were in place.

The activities and views of the Committee were communicated to the Board of Directors quarterly through verbal briefings by the Chairman of the Committee, and by tabling the minutes of the Committee's meetings.

Financial Reporting

The Audit Committee has reviewed and discussed the Group's quarterly financial statements and the annual statements with the Management. The Committee received assurance from the Chairperson/CEO and Deputy Chairperson/Group Finance Director and Group Financial Controller of the

Company that financial information provides a true and fair view of the Group's operations and finances, complying with applicable laws and regulations. The External Auditors were engaged to conduct a limited review of the Group's interim financial statements for the six months ended 30 September 2024. The results of this review were discussed with the External Auditors prior to publication of these statements. The scope of the review included ascertaining compliance of the statements with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters. Discussions were also held with the External Auditors and Management on matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year.

The Committee obtained independent input from the External Auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and satisfied themselves that the necessary preparatory work was carried out, to enable the Company to comply with these new standards.

The Committee is of the opinion that the Company is in compliance with the relevant legal and regulatory requirements including financial reporting requirements, CSE Rules, Companies Act and SEC Act and other relevant reporting related regulations and requirements.

Internal Audit, Risks and Controls

The Committee reviewed the adequacy of the Internal Audit coverage for the Group and the Internal Audit Plans for the Group with the Head of the Group BPR division and the Management. The Internal Audit function of most Group companies is outsourced to leading professional firms under the direction and control of the Group BPR division.

The Group BPR division regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group. Reports from outsourced Internal Auditors on the operations of the Company and some of the unlisted subsidiaries of the Company were also reviewed by the Committee. Follow-up action was taken on the recommendations of the outsourced Internal Auditors and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis by the Head of Group BPR. The Committee also reviewed the effectiveness of digital forensic tools used by Group BPR.

The Sustainability and Enterprise Risk Management division reported to the Committee on the process of identification, evaluation and management of all significant risks faced by the Group. The report covered the overall risk profile of the Group for the year under review in comparison with that of the previous year, and the most significant risks from a Group perspective together with mitigatory action. The Group functions in an environment where not all risks can be completely eliminated and in this context the Committee reviews remedial measures taken to manage risks that do materialise and the level of residual risk.

Formal confirmations and assurances were obtained from the Chairperson/CEO and relevant key management personnel of the Company on a quarterly basis regarding the efficacy and status of the internal control systems and risk management systems and compliance with applicable laws and regulations.

The Committee reviewed the whistleblowing arrangements for the Group and had direct access to the Ombudsperson for the Group. The effectiveness and resource requirements of the Group BPR division were reviewed and discussed with management and changes were affected where considered necessary.

External Audit

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.

The External Auditors kept the Committee advised on an on-going basis regarding matters of significance that were pending resolution. Before the conclusion of the Audit, the Committee met with the External Auditors and management to discuss all audit issues and to agree on actions. This included the discussion of formal reports from the External Auditors to the Committee. The Committee also met the External Auditors, without management being present, prior to the finalisation of the financial statements to obtain their input on specific issues and to ascertain whether they had any areas of concern relating to their work. No matters other than those already discussed with management and resolved were raised by the External Auditors.

The External Auditors' final management reports on the audit of the Company and the Company and Group financial statements for the year 2024/25 were discussed with the Management and the Auditors.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the John Keells Group and pre clearance was given for these services. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and formal confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. Non audit services carried out by Auditors were undertaken in accordance with the Group's policy on engagement of external auditors for non-audit services following its strict enforcement procedure related to obtaining the mandatory pre concurrences for all Engagements undertaken by the External Auditor for such services. The Audit Committee's preapproved list of requests were presented by the Secretary at the quarterly Audit committee meetings for noting purposes.

Whilst Messrs. EY have been the External Auditor who has served the company for the last 39 years and the present Partner has served five years as at 31 March 2025.

The performance of the External Auditors has been evaluated with the aid of a formal assessment process with input provided by the senior management of the Company. Based on the performance assessment, the Committee has recommended to the Board that Ernst & Young be re-appointed as the Lead/Consolidation Auditor of the Group for the financial year ending 31 March 2026, subject to approval by the Shareholders at the Annual General Meeting.



M Jayasinghe
Chairperson of the Audit Committee

27 May 2025

3.2.2 Human Resources and Compensation Committee

Composition

- The Committee comprises majority of Independent Non-Executive Directors and is not comprised of Executive Directors.
- The Chairperson of the Committee must be an Independent Non-Executive Director.
- The Chairperson-CEO and Group Finance Director are invited to all Committee meetings unless the Chairperson-CEO or Executive Director remuneration is under discussion, respectively.
- The Deputy Chairperson/Group Finance Director is the Secretary of the Committee.

Scope

- Review and recommend overall remuneration philosophy, strategy, policies and practice and performance-based pay plans for the Group.
- Determine and agree with the Board a framework for the remuneration of the Chairperson-CEO and Executive Directors based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration.
- Succession planning and talent management of Key Management Personnel.
- Ensure the integrity of the Group's compensation and benefits programme is maintained.
- Commission compensation and benefit surveys as appropriate to assist the Committee in its deliberations.
- In performing these functions, to ensure that stakeholder interest are aligned and that the Group is able to attract, motivate and retain talent.
- At its discretion, the Committee may invite external specialists to provide advice and information on relevant remuneration and Human Resource development practices.
- Determining compensation of Non-Executive Directors is not under the scope of this Committee.

3.2.2.2 Human Resources and Compensation Committee Meeting attendance

No. of meetings – One

	Eligible to Attend	Attended	Date of Appointment
A. Cabraal	1	1	29/01/2015
S. Fernando*	N/A	N/A	01/07/2025
H. Wijayasuriya	1	0	05/11/2016
By invitation			
S. Coorey	1	1	-
N. Fonseka	1	1	-
M. Jayasinghe	1	1	-
R. Shukla	1	1	-

*Appointed with effect from 1 July 2024.

CORPORATE GOVERNANCE COMMENTARY

3.2.2.1 Report of the Human Resources and Compensation Committee

The Human Resource and Compensation Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration philosophy, strategy, policies and practices and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the CEO, the other Executive Directors, and key executives who support and implement decisions at an apex level, the overall business strategy and make recommendations, thereon to the Board. The Committee also reviews and monitors the performance of the Group's top talent for the purposes of organisational growth and succession planning, with particular emphasis on succession at key executive levels.

In performing this role, the Committee is conscious of the need to ensure that stakeholder interests are aligned, and the Group is able to attract, motivate, retain talent and ensure their loyalty; the integrity of the Group's compensation and benefits programme is maintained and importantly, that the compensation policy and schemes are compliant with applicable laws and regulations.

In this context, the Committee determined the remuneration of the Executive Directors including the Chairperson-CEO in terms of the methodology set out by the Board, upon an evaluation of their performance by the Non-Executive Directors. The evaluation of the members of the Group Executive Committee was considered by the Committee and remuneration was determined based on performance, market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

As per the mandate outlined, the report from the Chairperson of the Human Resources and Compensation Committee continues to be a standing agenda item at the quarterly Board meetings. The Chairperson of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

The Committee wishes to report that the Company has complied with the Companies Act in relation to remuneration of Directors. The annual performance appraisal scheme and the calculation of short term incentives were executed in accordance with the approvals given by the Board, based on discussions conducted between the Committee and the Management. The employee share option scheme, including the award of ESOPs, was implemented in accordance with the Listing Rules of the Colombo Stock Exchange and in line with approval granted by the Board and shareholders.



S Fernando
Chairperson of the Human Resources and Compensation Committee

27 May 2025

3.2.3 Nominations and Governance Committee

Composition

- The Committee comprises of Non Executive Directors with at least 2 members being Independent, together with the Chairperson-CEO and does not comprise of Executive Directors.
- The Chairperson of the Committee must be an Independent Non-Executive Director.
- The Secretary to the Board is the Secretary of the Committee.

Scope

- Assess the skills required on the Board given the needs of the businesses.
- From time to time assess the extent to which the required skills are represented at the Board.
- Prepare a clear description of the role and capabilities required for a particular appointment.
- Identify and recommend suitable candidates for appointments to the Board.
- Ensure, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment specifying clear expectations in terms of time commitment, involvement outside of the formal Board meetings and participation in Committees, amongst others.
- Ensure that every appointee undergoes an induction to the Group.
- The appointment of the Chairperson-CEO and Executive Directors is a collective decision of the Board.
- Succession planning of Board of Directors.

3.2.3.1 Report of the Nominations and Governance Committee

The Nomination and Governance Committee, appointed by the Board, is constituted in compliance with the Listing Rules and the Company's Corporate Governance framework. Governed by a Charter (Terms of Reference), the Committee's mandate, functions, composition, and operative practices are clearly defined. The Charter was reviewed during the year to ensure alignment with applicable regulatory requirements, including the Listing Rules. Furthermore, the responsibilities of the Committee are shaped by Section 9.11.5 of the Listing Rules, as well as best practices on corporate governance voluntarily adopted by the Company. The Company Secretary serves as the Secretary to the Committee.

The Committee reaffirmed its mandate to:

- Lead the process of Board appointments and to make recommendations to the Board in respect of all new Board appointments, and the re-election/re-appointment of those retiring in terms of the Articles of Association, under contract or Applicable Law.

- Oversee the process of appointment, re-election and re-appointment of the listed subsidiaries of the Company, in accordance with the John Keells Group's philosophy and framework on matters pertaining to the appointment and tenure of Directors of the listed subsidiaries.
- Ensure a comprehensive Board induction process is in place and is carried out in a timely manner.
- Define and establish processes for the nomination and re-appointment/re-election of Independent Non-Executive Director and Non-Independent Non-Executive Directors.
- Ensure that there is an acceptable methodology in place to periodically carry out a self-evaluation of the Board, which will be administered by the Senior Independent Director and the outcomes discussed at the Board level.
- Review and recommend an overall corporate governance framework, considering Applicable Laws, rules, regulatory requirements and industry/international best practices.
- Periodically, and in consultation with the Chairperson-CEO, review the CEO succession planning, in liaison with all Independent Non-Executive Directors of the Board, including the Senior Independent Director.

Activities During the Year

During the financial year ended 31 March 2025, the Committee undertook the following key activities:

- Collaborated with the Board in reviewing the skills and competencies required for effective Board functioning.
- Prioritised Board balance and diversity by considering a broad range of factors—including experience, skills, age, gender, and other attributes—to foster a well-rounded mix of perspectives that enhance decision-making and Board performance. These considerations were integrated into the Director appointment process.
- Evaluated all appointments and re-appointments to the Board, ensuring that all appointments were made in alignment with the Company's corporate governance policies and framework, including succession planning, and were conducted in an informed, equitable, and impartial manner, with no individual participating in decisions pertaining to their own appointment/re-appointment.

The following Director appointments and contract renewals to the Boards of the Company and its listed subsidiaries were recommended in accordance with the nominations and re-election policy, following due diligence and a thorough review of each Director's qualifications, experience, compliance with fit and proper requirements, and, where applicable, independence criteria:

John Keells Holdings PLC

- Mr. H M A Jayasinghe, Independent Non-Executive Director (new appointment)
- Ms. R Shukla, Independent Non-Executive Director (new appointment)
- Mr. D A Cabraal, Non-Independent Non-Executive Director (renewal)*

**Mr. Cabraal abstained from the determination of the Committee in relation to the renewal of his contract.*

Asian Hotels and Properties PLC

- Mr. A S De Zoysa, Independent Non-Executive Director (renewal)
- Mr. J Durairatnam, Independent Non-Executive Director (renewal)
- Ms. A Nanayakkara, Independent Non-Executive Director (renewal)

Ceylon Cold Stores PLC

- Mr. S Kanag-Isvaran, Independent Non-Executive Director (new appointment)
- Ms. R N K Fernando, Independent Non-Executive Director (new appointment)
- Mr. H A J De Silva Wijeyeratne, Independent Non-Executive Director (new appointment)

John Keells PLC

- Mr. N W R Wijewantha, Non-Independent Non-Executive Director (new appointment)
- Mr. P D Samarasinghe, Independent Non-Executive Director (new appointment)

John Keells Hotels PLC

- Ms. A Goonetilleke, Independent Non-Executive Director (new appointment)

Tea Smallholder Factories PLC

- Mr. P P Edirisinghe, Independent Non-Executive Director (new appointment)
- Ms. S W F Jameel, Independent Non-Executive Director (new appointment)
- Mr. C S Hettiarachchi, Non-Independent Non-Executive Director (new appointment)

Trans Asia Hotels PLC

- Mr. C P R Perera, Independent Non-Executive Director (new appointment)
- Mr. H A J De Silva Wijeyeratne, Independent Non-Executive Director (renewal)
- Mr. N L Gooneratne, Non-Independent Non-Executive Director (renewal)

Union Assurance PLC

- Mr. S. Appleyard, Independent Non-Executive Director (renewal)
- Ensured that in accordance with Article 84 of the Company's Articles of Association, one-third of the Directors on the Board being subject to retirement by rotation by virtue of being the longest-serving members in office (excluding the Chairperson) retired by rotation at each Annual General Meeting. Additionally, ensured adherence to Article 91, requiring Directors appointed during the year to retire at the first Annual General Meeting following their appointment.

During the year, the following Directors, retiring under Article 84 and Article 91, and being eligible for re-election, were presented along with their respective profiles, to the shareholders of the Company for re-election at the Annual General Meeting held on 29 June 2024:

- Dr. S S H Wijayasuriya, Independent Non-Executive Director (Article 84)
- Dr. S A Coorey, Independent Non-Executive Director (Article 84)
- Mr. D V R S Fernando, Independent Non-Executive Director (Article 91)

- Ensured that newly appointed Directors were provided with an induction to the Company and the Group together with an induction pack containing key governance documents.
- Ensured that all Directors, including Independent Non-Executive Directors, remained informed of regulatory updates, governance developments and significant matters relevant to the Company and the Group, through periodic briefings at Board and Board Committee meetings from the Chairperson-CEO, Deputy Chairperson, Board Secretary, and senior management and through Board notes.
- Reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirmed their eligibility in accordance with the Listing Rules and applicable governance requirements.
- Reviewed the independence declarations submitted by Independent Non-Executive Directors and confirmed their compliance with the criteria outlined in Rule 9.8.3 of the Listing Rules.
- Reviewed key Company policies ensuring compliance with Rule 9.2 of the Listing Rules.

Director Profiles and Information Disclosures

The profiles of the Company's Directors, including details of their first appointment to the Board, most recent re-appointment, nature of Directorship, appointments to Board Committees, principal commitments and positions held and any relevant relationships (including relationships with other Directors, the Company, or significant shareholders of the Company), are provided in the Board and Management Profiles, Corporate Governance Commentary and Annual Report of the Director sections of this Annual Report.

Board, Chairperson-CEO and Board Committee Evaluations

- The Committee conducted a self-evaluation of its performance for the year and concluded that its functions were carried out effectively in accordance with the Committee Charter.
- All other Committees of the Board underwent similar performance assessments.
- The Board completed an annual self-assessment of its performance and the performance of the Chairperson-CEO for the financial year 2023/24, the outcome of which were discussed between the Board and the Committee.

Reporting

The Committee reports its activities at each Board meeting of the Company.

Governance Practices and Compliance with Listing Rules

The Committee has reviewed the management report confirming compliance with the corporate governance framework and confirms that all applicable requirements under Section 9 of the Listing Rules have been met. The Company continues to strengthen its governance practices to promote transparency, accountability, and stakeholder confidence. A detailed statement of the Company's compliance with the Listing Rules may be found in the Corporate Governance Commentary section of the Annual Report.



Dr. S A Coorey

Chairperson of the Nominations and Governance Committee

27 May 2025

3.2.3.2 Nominations and Governance Committee Meeting attendance

No. of meetings – Six

	Eligible to Attend	Attended	Date of Appointment
A. Cabraal	6	6	07/11/2013
S. Coorey	6	6	08/11/2023
H. Wijayasuriya	6	6	05/11/2016
K. Balendra*	5	5	01/01/2019

* Resigned with effect from 1 October 2024.

3.2.4 Related Party Transactions Review Committee

Composition

- The Chairperson shall be an Independent Non-Executive Director.
- Members of the Committee should be a combination of Non-Executive Directors and Independent Non-Executive Directors.
- The composition may include Executive Directors at the option of the Company.

Scope

- The Group has broadened the scope of the Committee to include senior decision makers in the list of Key Management Personnel, whose transactions with Group companies also get reviewed by the Committee, in addition to the requisitions of the CSE.
- All proposed Related Party Transactions shall be reviewed in advance and in the event of any material changes, such changes shall also be reviewed by the Related Party Transactions Review Committee prior to the completion of the transaction.
- Develop and recommend for adoption by the Board of Directors of JKH and its listed subsidiaries, a Related Party Transaction Policy which is consistent with the operating model and the delegated decision rights of the Group.
- Update the Board on Related Party Transactions of each of the listed companies of the Group on a quarterly basis and formally request the Board to approve the related party transactions following the determination of whether such approval is needed.
- Define and establish the threshold values for each of the subject listed companies in setting a benchmark for Related Party Transactions, Related Party Transactions which have to be pre-approved by the Board, Related Party Transactions which require to be reviewed annually, such as recurrent Related Party Transactions and similar issues relating to listed companies.
- Ensure that they have or have access to expertise to assess all aspects of proposed Related Party Transactions, and where necessary, obtain expert advice from an appropriately qualified person.
- Where a Director has personal material interest in a matter being reviewed by the Committee, such Director shall not be present in the Meeting and shall not vote in the matter, except at the request of the Committee.

3.2.4.1 Report of the Related Party Transactions Review Committee

Composition

The following Directors served as members of the Committee during the financial year:

A Cabraal
S Fernando
N Fonseka – retired with effect from 1 July 2024

The Chairperson-CEO, Deputy Chairperson/Group Finance Director, and Group Financial Controller attended meetings by invitation. The Head of Group Business Process Review served as the Secretary to the Committee. The Committee held four meetings during the financial year, which were held on a quarterly basis. Information on the attendance at these meetings by the members of the Committee is given alongside. Urgent transactions that required prior approval of the Committee were dealt with by circulation among the members.

Objective and Governing Policies

The objective of the Committee is to exercise oversight on behalf of the Board of John Keells Holdings PLC and its listed Subsidiaries, to ensure compliance with all applicable rules and regulations, namely the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ('The Code') and the Listing Rules of the CSE. The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and ensures that transactions are in line with the Groups' internal governance framework and associated policies.

Procedure

The Committee in discharging its functions primarily relied on processes that were validated from time to time and periodic reporting by the relevant entities and Key Management Personnel (KMP) with a view to ensuring that:

- there is compliance with 'The Code' and the Listing Rules of the CSE;
- shareholder interests are protected, and;
- fairness and transparency are maintained.

Non-recurrent Related Party Transactions (RPTs) of listed entities:

The Committee advocated the Management to implement appropriate procedures to ensure that all non-recurrent RPTs of the Group's listed entities are submitted to the Committee, for pre-approval. Accordingly, the Committee reviewed and pre-approved all proposed non-recurrent Related Party Transactions (RPTs) of the parent, John Keells Holdings PLC for the full period under consideration, and all its listed Subsidiaries, namely: Asian Hotels and Properties PLC, Ceylon Cold Stores PLC, John Keells PLC, John Keells Hotels PLC, Keells Food Products PLC, Tea Smallholder Factories PLC, Trans Asia Hotels PLC and Union Assurance PLC until 30 September 2024.

Recurrent RPTs of listed entities:

The Committee has endorsed guidelines to facilitate disclosures and assurances to be provided by the senior management of listed entities in the Group so as to validate compliance with section 9.5(a) of the Listing Rules and thus exclusion from the mandate for review and pre-approval of such transactions by the Committee.

Accordingly recurrent RPTs as well as the aforesaid disclosures and assurances were reviewed annually by the Committee.

Other significant transactions of non-listed subsidiaries:

Material transactions of non-listed Subsidiaries in the Group were presented to the Committee for information.

The Group continued to adopt a broader scope in defining Key Management Personnel including therein all senior decision makers. Accordingly, in addition to the Directors, all Presidents, Executive Vice Presidents, Chief Executive Officers, Chief Financial Officers and Financial Controllers of respective companies/sectors have been designated as KMPs in order to increase transparency and enhance good governance. Annual disclosures from all KMPs setting out any RPTs they were associated with, if any, were obtained and reviewed by the Committee.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, through verbal briefings, and by tabling the minutes of the Committee's meetings.



M Jayasinghe

Chairperson of the Related Party Transactions Review Committee

27 May 2025

3.2.4.2. Related Party Transactions Review Committee Meeting attendance

No. of meetings – Four

	Eligible to Attend	Attended	Date of Appointment
A. Cabraal	4	4	29/01/2014
S. Fernando	4	4	08/11/2023
N. Fonseka*	2	2	29/01/2014
M. Jayasinghe**	2	2	01/07/2024
By invitation			
K. Balendra	4	4	-
G. Cooray	4	4	-

* Retired with effect from 1 July 2024.

**Appointed with effect from 1 July 2024.

Note: The Committee convened at least once every quarter.

CORPORATE GOVERNANCE COMMENTARY

3.2.5 Project Risk Assessment Committee

Composition

- Should comprise of a minimum of four Directors.
- Must include the Chairperson-CEO and Deputy Chairperson/ Group Finance Director.
- Must include two Non-Executive Directors.
- The Chairperson of the Committee must be a Non-Executive Director.

Scope

- Review and assess risks associated with large-scale investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated.
- Ensure stakeholder interests are aligned, as applicable, in making this investment decision.
- Where appropriate, obtain specialised expertise from external sources to evaluate risks, in consultation with the Group Finance Director.
- Recommend to the Board, necessary action required, to mitigate risks that are identified in the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation.
- The Committee shall convene only when there is a need to transact in business as per the terms of its mandate.

3.2.5.1 Report of the Project Risk Assessment Committee

No. of meetings – The committee did not convene during the year.

	Date of Appointment
A. Cabraal*	01/10/2024
H. Wijayasuriya	25/05/2018
K. Balendra	25/05/2018
G. Cooray	25/05/2018

*Appointed with effect from 1 October 2024.

3.2.5.1 Report of the Project Risk Assessment Committee

H Wijayasuriya (Chairperson)

A Cabraal

K Balendra

G Cooray

The Project Risk Assessment Committee was established with the purpose of augmenting the Group's Investment Evaluation Framework. The Committee provides the Board with enhanced illumination of risk perspectives with respect to large scale new investments and also assists the Board in assessing the potential impact of risks associated with such investments. Investments which are referred to the Committee are those which exceed a board-agreed threshold in terms of quantum of investment and/ or potential impact to the Group. The Committee, accordingly, provides early-stage recommendations to the Board with respect to the extent of risk and adequacy of mitigation strategies.

During the year under review, the context of Project Risk Assessment was centred primarily on the two landmark investment projects - City of Dreams Sri Lanka and the West Container Terminal. Given the scale and impact of the risks and opportunities associated with the said projects and the near operational status of both projects, the committee and board were of the view that related deliberations should take place with participation of the full Board as regular board agenda items.

While there were no specific new investments during the year which required the approval of the Committee as per the Board agreed financial thresholds, matters pertaining to the operationalisation of the BYD - New Energy Vehicle business were presented to the full Board and duly deliberated.



H Wijayasuriya

Chairperson of the Project Risk Assessment Committee

26 May 2025

3.3 Combined Chairperson-CEO Role

The Group's Chairperson continued to play the role of the CEO, in addition to the role of Chairperson. The appropriateness of combining the two roles is discussed in detail in the ensuing section.

Purpose as Chairperson:

- To provide leadership to the Board whilst inculcating good governance and ensuring effectiveness of the Board.
- Ensure constructive working relations are maintained between the Executive and Non-Executive members of the Board.
- Ensure, with the assistance of the Board Secretary, that:
 - Board procedures are followed.
 - Information is disseminated in a timely manner to the Board.

Purpose as CEO:

- Execute strategies and policies of the Board.
- Ensure the efficient management of all businesses.
- Ensure the operating model of the Group is aligned with short and long term strategies of the Group.
- Ensure succession at the senior-most levels is planned.

3.3.1 Appropriateness of Combining the Roles of Chairperson and CEO

The appropriateness of combining the roles of the Chairperson and CEO was established after evaluation and debate, internally and externally. The appropriateness of continuing with the combined role is revisited and rigorously evaluated periodically - the Board continues to maintain its position that the combination of the two roles is more appropriate for the Group in meeting stakeholder objectives in a large, diversified conglomerate setting. This view takes into consideration not only the diversity of the industries the Group engages in but also the macroeconomic conditions which requires the leadership to be nimble and agile. These discussions are supported by international best practice accessed through consultancy services and experts.

- Over the past five to ten years, some companies in certain geographies have moved toward separating the Chairperson and CEO roles, as it is believed, in theory, that an Independent Chairperson improves the ability of the Board of Directors to oversee management.
- However, more recently, empirical research has suggested that combining the roles is likely to yield better performance of the company, and that the independence status of the Chairperson is not a material indicator of firm performance or governance quality [Liu, R (2019), Mubeen, R. et al. (2021)].
- The intended objective of achieving improved governance and higher independence can be better achieved via a focus on certain complementary actions, which have proven to be an effective assurance mechanism to the role of a combined

Chairperson-CEO. If the same objective can be achieved under the guidance of a combined Chairperson-CEO, the introduction of a segregated role should not compromise the underlying operating model of a corporate, including that of JKH – particularly if there is no proven effectiveness in segregation. Such checks and balances entail:

- (i) Establishing a strong independent governance element via assurance mechanisms, such as:
 - Presence of a Senior Independent Director who will act as the independent party to whom concerns could be voiced on a confidential basis and ensure that matters discussed at the Board level are done so in an environment which facilitates independent thought by individual Directors.
 - A Nominations and Governance Committee that ensures the nomination of Non-Executives who are truly independent.
 - The presence of a Board which comprises of a majority Independent Directors.
 - Presence of an Ombudsperson.
- (ii) Use of systematic, comprehensive Board and CEO/Chair evaluations.
- (iii) Ensuring active involvement of the Board in CEO succession and strategy formulation.

In terms of Section 9.6.2, the Chairperson of the Company is an Executive Director, and the Chairperson and CEO positions of the Company are held by the same individual. Since the Company already has in place the role of a Senior Independent Director, the Company is compliant under the alternative option under Section 9.6.1 and Section 9.6.3 of the CSE Listing Rules.

The role of a Senior Independent Director has been in place for over a decade at JKH. It is the view of the Board, and the Group's experience has proven that the JKH Board composition of a majority of Non-Executive Independent Directors, coupled with the role of the Senior Independent Director, and other supporting Board dynamics have enabled the Chairperson-CEO to effectively balance the dual role as the Chairperson of the Board and the CEO of the Company, particularly given the diversified conglomerate structure of the Group.

Given the need for a combined Chairperson-CEO role, the Chairperson does not come up for re-election as in the case with other Executive and Non-Executive Directors. It is noted that the Articles of Association of the Company allow for this.

CORPORATE GOVERNANCE COMMENTARY

3.3.2 Chairperson-CEO Appraisal

The Human Resources and Compensation Committee, appraised the performance of the Chairperson-CEO on the basis of pre-agreed goals for the Group, set in consultation with the Board. These goals cover the ensuing broad aspects and is also based on the Group's performance assessed against the goal and peers which involve other listed companies on the CSE:

- Creating and adding shareholder value
- Success in identifying and implementing projects
- Sustaining a first-class image
- Developing human capital
- Promoting collaboration and team spirit
- Building sustainable external relations
- Leveraging Board members and other stakeholders
- Ensuring good governance and integrity in the Group

3.3.3 Direct Discussions with the Non-Executive Directors

The Chairperson-CEO conducts direct discussions with Non-Executive Directors at meetings held exclusively for Non-Executive Directors, which are convened by the Senior Independent Director. Issues arising from these discussions are actioned in consultation with the relevant persons.

During the year under review, the Non-Executive Directors met twice without the presence of the Executive Directors.

3.4 Senior Independent Director (SID)

Considering the combined role of the Chairperson-CEO, the presence of the Senior Independent Director is important in ensuring that no one person has unfettered decision-making powers, and that matters discussed at the Board level are done so in an environment which facilitates independent thought by individual Directors. The Senior Independent Director also acts as the independent party to whom concerns could be voiced on a confidential basis. The Senior Independent Director is made available to discuss shareholder concerns including those of minority shareholders.

The Senior Independent Director meets with other Non-Executive Directors, without the presence of the Chairperson-CEO, at least twice every year to evaluate the effectiveness of the Chairperson-CEO and has regular meetings with the other Non-Executive Directors on matters relating to the effectiveness of the Board or the Board as appropriate. The Senior Independent Director acts as a trusted point of contact for the Non-Executive Directors, particularly when concerns arise regarding strategy, governance, or the Chairperson-CEO's dual role. The Senior Independent Director is also kept informed by the Ombudsperson of any matters in respect of the JKH Code of Conduct which has come to his attention.

In the event of any conflicts of interest on the part of the SID in relation to any particular aspect of his/her role, another Independent Director will be required to perform that aspect of the SID's role. The SID will remain in office unless otherwise determined by the Board or in the event the SID ceases to be an Independent Non-Executive Director of the Company.

Report of the Senior Independent Director

A Cabraal
S Coorey
S Fernando
N Fonseka - retired with effect from 1 July 2024
M Jayasinghe - appointed with effect from 1 July 2024
R Shukla - appointed with effect from 1 July 2024

The independence of each Director has been established based on the information and declarations submitted by the respective Directors.

During the course of the period under review, the Independent/Non-Executive Directors held three meetings, excluding the participation of Executive Directors.

Discourse among Independent/Non-Executive Directors have consistently focused on the evolving corporate governance landscape, globally and locally. The Independent/Non-Executive Directors are confident that the risk and compliance as well as broader assurance and Corporate Governance frameworks of the Group have kept well abreast of the said dynamics leading to continued synonymy of the Group with best practice in Corporate Governance.

The Independent/Non-Executive Directors have also spent time on topics salient to the directional strategy of the Group including but not limited to, opportunities arising from the rebound of the national economy, portfolio evolution, sectoral dynamics, capital deployment priorities and short and long term levers for value creation. The Independent/Non-Executive Directors have also paid regular attention to succession planning at Board and Senior Management Level and the performance and delivery of key executive leaders. Remuneration of Executive Directors was determined at one such meeting of the Independent/Non-Executive Directors.

Closed door meetings of the Independent/Non-Executive Directors are followed by a discussion with the Chairperson-CEO, who the Independent/Non-Executive Directors have found to consistently address matters raised, either in the form of immediate clarification or subsequent follow-up action which in turn, have been reported to the Board.

It is also salient to note that the minutes of meetings of the Group Executive Committee (GEC) are circulated to the Independent/Non-Executive Directors to ensure a high degree of transparency and interaction between the Executive and Non-Executive members of the Board. The Independent/Non-Executive Directors are also kept advised on the progress of key investments and strategic initiatives.

The Ombudsperson has reported to me that no issues have been brought to his attention that indicate mismanagement, unfair treatment or justified discontent on the part of any employee or ex-employee during the financial year.

The Independent/Non-Executive Directors thank the Chairperson-CEO, Deputy Chairperson/Group Finance Director, members of the Group Executive Committee, Sector Heads and members of the management team for their transparent and cooperative engagement with the Independent/Non-Executive Directors, at all times.



H Wijayasuriya
Senior Independent Director

27 May 2025

3.5 Group Executive Committee and Other Management Committees

The Group Executive Committee and the other Management Committees met regularly as per a timetable communicated to the participants six months in advance. In the absence of a compelling reason, attendance at these Committee meetings is mandatory for the Committee members. All the Committees carried out specific tasks entrusted to each component, as expected.

Whilst the Chairperson-CEO, Deputy Chairperson/Group Finance Director and Presidents are ultimately accountable for the Company/Group and the industry groups/sectors/business functions respectively, all decisions are taken on a committee structure as described below.

3.5.1 Group Executive Committee (GEC)

As at 27 May 2025, the eight-member GEC consisted of the Chairperson-CEO, the Deputy Chairperson/Group Finance Director and the Presidents of each business/function. The GEC is the overlay structure that implements, under the leadership and direction of the Chairperson-CEO, the strategies and policies determined by the Board, manages through delegation and empowerment, the business and affairs of the Group, makes portfolio decisions and prioritises the allocation of all forms of capital.

A key responsibility of the members of the GEC is to act as the enablers of the Operating Model of the Group. The members of the GEC are well equipped to execute these tasks and bring in a wealth of experience and diversity to the Group in terms of their expertise and exposure.

 Refer Board and Management Profiles for details on members - page 227.

The GEC meets twice a month, in addition to the meetings that are scheduled as necessitated by the requirements of the Group.

3.5.2 Group Operating Committee (GOC)

As at 27 May 2025, the twenty-member GOC consisted of the Chairperson-CEO, the Deputy Chairperson/Group Finance Director, the Presidents and the Executive Vice Presidents in charge of sectors and the finance functions of the industry groups and Executive Vice Presidents who are functional heads of their respective Centre Functions. The GOC provided a forum to share learnings, and identify synergies, across industry groups, sectors, business units and functions.

The GOC meets once a month during the year and is instrumental in preserving a common group identity across diverse business units.

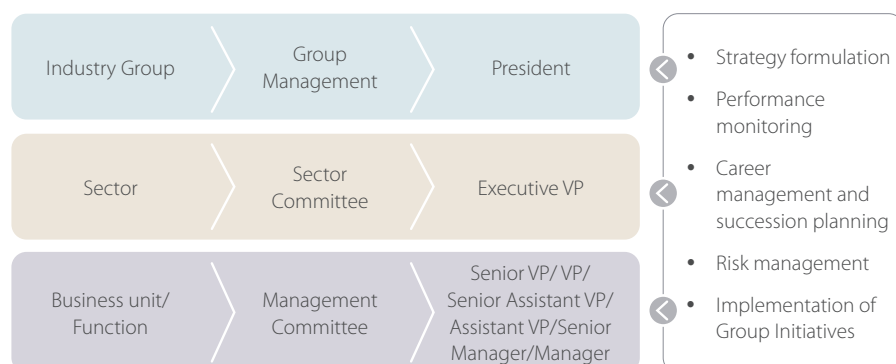
 Refer Board and Management Profiles for details on members - page 228.

3.5.3 Other Management Committees

These include the Group Management Committee, Sector Committee and Management Committee which are responsible at the industry group level, sector level and business unit level respectively. The underlying intention of forming these Committees is to encourage the respective business units to take responsibility and accountability at the grass-root level via suitably structured Committees and teams by objective setting.

The agendas of these Committees are carefully structured to avoid duplication of effort and to ensure that discussions and debate are complementary, both in terms of a bottom-up and top-down flow of information and accountability. These Committees met regularly and carried out their tasks in keeping with their scope. The Management Committees proved to be key in enhancing employee engagement and empowerment.

Illustrated below is the structure of the three Committees.



Note: Vice President (VP)

3.6 Employee Empowerment

The Group ensures that the necessary policies, processes and systems are in place to ensure effective recruitment, development and retention of the Group's employees - a vital stakeholder and key asset of the Group. The bedrock of these policies is the Group's competency framework, which has been further refined and updated to reflect the current needs of the Group. To support these policies, the Group continued with, and further strengthened, the following practices.

- Top management and other senior staff are mandated to involve, as appropriate, all levels of staff in formulating goals, strategies and plans.
- Decision rights were defined for each level of employment in order to instil a sense of ownership, reduce bureaucracy and speed-up the decision-making process.
- A bottom-up approach was taken in the preparation of annual and long term plans and the Group also ensured employee involvement in strategy, and thereby empowerment.
- Organisational and Committee structures are designed to enable, and facilitate, high accessibility of all employees to every level of management.
- Open, honest, frank and constructive communication is encouraged at all levels. The Group strongly believes that constructive disagreement is essential for optimal decision-making.

The Group prioritises a safe, secure and conducive environment for all its employees, allows freedom of association and collective bargaining, prohibits child labour, forced or compulsory labour and any discrimination based on gender, race, religion, gender identity, sexual orientation or any other difference, and promotes workplaces which are free from physical, verbal or sexual harassment.

4 INTEGRATED GOVERNANCE SYSTEMS AND PROCEDURES

Listed below are the main governance systems and procedures of the Group. These systems and procedures strengthen the elements of the JKH Internal Governance Structure and are benchmarked against industry best practice.

- Strategy formulation and decision-making process
- Human resource governance
- Integrated risk management
- IT governance
- Tax governance
- Stakeholder management and effective communications
- Sustainability governance

CORPORATE GOVERNANCE COMMENTARY

4.1 Strategy Formulation and Decision-Making Processes

4.1.1 Strategy Mapping

Strategy mapping exercises, concentrating on the short, medium and long term aspirations of each business, are conducted annually and reviewed, at a minimum, quarterly/half-yearly or as and when a situation so demands.

This exercise entails the following key aspects, among others.

- Progress and deviation report of the strategies formed.
- Competitor analysis and competitive positioning.
- Review of ESG considerations.
- Analysis of key risks and opportunities.
- Digitisation and IT strategy.
- Management of stakeholders, such as, suppliers and customers.
- Value enhancement through initiatives centred on the various forms of Capital under an integrated reporting framework.

The strategies of the various business units, operating in diverse industries and markets, revolves around Group strategy, while considering their domain specific factors. The primary focus is to enhance value for all stakeholders.

The Group's investment appraisal methodology and decision-making process ensures the involvement of all key stakeholders that are relevant to the evaluation of the decision.

In this manner:

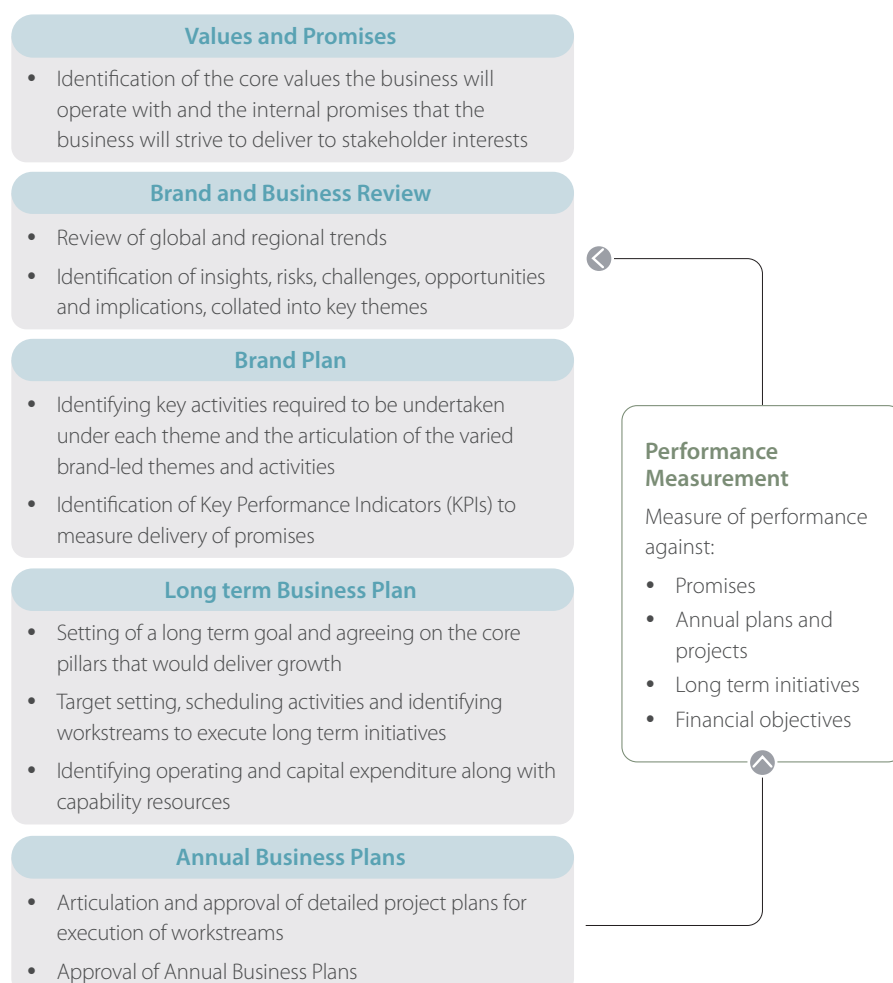
- A broad range of views, opinions and advice are obtained prior to making an investment decision.
- A holistic view is taken on the commercial viability and potential of any project, including operational, financial, funding, legal, risk, sustainability and tax implications.
- Sensitivity and scenario analysis are conducted to understand the impacts from the macroeconomic environment, especially during periods of volatility and uncertainty.
- All investment decisions are consensual in nature, made through the afore-discussed management Committee structure where no single individual has unfettered decision making powers over investment decisions.
- The ultimate responsibility and accountability of the investment decision rests with the Chairperson-CEO.

The following section further elaborates on the Group's strategy formulation and planning process.



4.1.2 Medium-term Strategy

The ensuing section illustrates the comprehensive process followed by each business in developing the business's strategy for the medium-term.



4.1.3 Project Approval Process

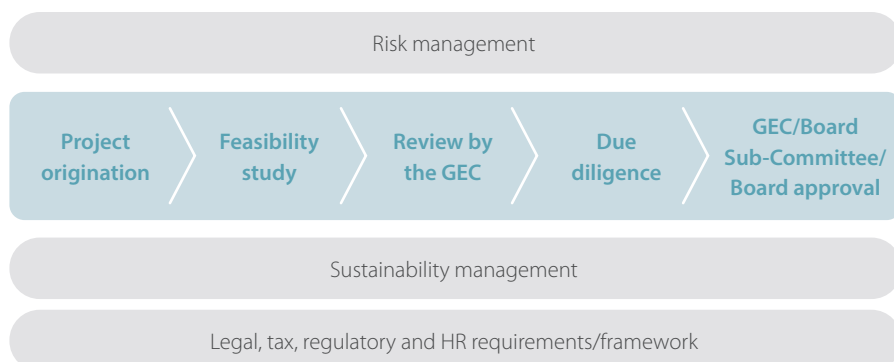
Projects undertaken at the Group entail a detailed feasibility report covering key business considerations under multiple scenarios, within a framework of sustainability. The feasibility stage is not restricted to a financial feasibility and encompasses a wider scope of work covering risk management, sustainable development, ESG and HR considerations, among others.

Based on the decision rights matrix, subsequent to review by the relevant leadership committee of the feasibility report and post in principle approval, a multi-disciplined project team will proceed to the next phase of the project evaluation which will focus on detailed operational, commercial, financial and legal due diligence, including a deep dive into ESG impacts and risks. Discussions will also commence with regulatory and licensing authorities, financial institutions and possible partners, worker representatives, as relevant and deemed necessary.

- Where the transaction involves the transfer or lease of land, title searches would be conducted for both private and state land. In case of state land, every action would be taken to ensure compliance with the relevant rules and regulations. As appropriate, written authority and approvals will be obtained.
- Any project which involves bidding on contracts and tenders, including to those of local and foreign Government and related bodies, is executed in conformance with the Group's Policy on Bidding on Contracts and Tenders. In such an event, the Company will make the required corporate disclosures.
- Where the project is a part of a privatisation, the entire process will be conducted in line with the directives of the relevant administrative authority as communicated through expressions of interests, request for proposals, pre-bid meetings, official approvals and correspondence.

Subsequent to the project satisfying the above highlighted criteria, the final approval to proceed will be granted by the Board. Based on thresholds of the investment quantum, the Project Risk Assessment Committee, on behalf of the Board, will review and assess risks associated with such investments and the mitigatory plans thereto, if mitigation is possible, and identify risks that cannot be mitigated. The aim of this intervention is to ensure alignment with the interest of various stakeholders and to recommend to the Board, necessary action required, to mitigate risks that are identified in early stages during the course of evaluating a project in order to ensure that those risks are captured by the Group Risk Matrix for monitoring and mitigation. When appropriate, the GEC is empowered to approve such proposals in terms of the delegated decision rights with the Board being kept informed.

The aforementioned project appraisal framework flow is illustrated below:



“The state-of-the-art cloud based human resource information system (HRIS) manages the entire lifecycle of the employee from onboarding to performance management, succession planning, compensation, learning and development, through to offboarding.”

4.2 Human Resource Governance

The Group human resource governance framework is designed in a manner that enables high accessibility by any employee to every level of management. Constant dialogue and facilitation is also maintained, ranging from work related issues to matters pertaining to general interest that could affect employees and their families. The Group follows an open-door policy for its employees which is promoted at all levels of the Group.

The state-of-the-art cloud based human resource information system (HRIS) manages the entire lifecycle of the employee from onboarding to performance management, succession planning, compensation, learning and development, through to offboarding.

4.2.1 Performance Management

The Performance Management System, as illustrated below, is at the heart of many supporting human resource management processes such as learning and development, competency mapping, career development, succession planning, talent management, rewards/recognition and compensation/benefits.

CORPORATE GOVERNANCE COMMENTARY

Identification of:

- Performance rating
- Competency ratings

Identification of:

- Chairperson's Award
- Employee of the Year
- Champion of the Year

Identification of:

- High performers
- High potential



Identification of:

- Long term development plans
- Competency-based training needs
- Business focused training needs

Identification of:

- Promotions
- Inter-company transfers
- Inter-department transfers

Identification of:

- Jobs at risk
- Suitable successors
- Readiness level of successors
- Development plans
- External recruitments

Whilst the employees are appraised for their performance, equal emphasis is placed on how well they embody Group Values, namely: Caring, Trust, Integrity, Excellence and Innovation.

JKH Success Drivers

In 2023/24, the Group revamped its Competency Framework, which had been in use for over a decade through discussions and workshops, involving a diverse group of internal and external stakeholders at various levels. This effort resulted in the creation of Success Drivers, a refreshed and more relevant set of competencies.

In 2024/25, the Group introduced sector-specific awareness sessions and digital learning initiatives for employees to enhance understanding and encourage the adoption of these Success Drivers within teams. The awareness sessions focused on helping employees develop skills that support both organisational success and personal career growth. The sessions were complemented by targeted communications and training through the Bridge, learning management system, offering access to online courses, articles, and videos to promote continuous professional development. Furthermore, Success Drivers are a key part of the performance management process in 2024/25 and employees are evaluated based on these competencies, with opportunities for development identified as part of the process.

1. Inclusive Leadership

- Inclusivity and diversity
- Collaboration and open communication
- Compassion and empathy
- Coaching and mentoring
- Upholding values



4. Relentless Execution

- Action orientation
- Prioritisation
- Effective time management focus and commitment



7. Entrepreneurial Mindset

- Innovative thinking
- Decisiveness and ownership
- Unwavering commitment
- Prudent risk-taking



2. Connecting the Dots

- Big picture perspective
- Multidisciplinary approach
- Critical thinking
- Value driven approach



5. Emotional Resilience

- Self-control and self regulation
- Adapting to change
- Bouncing back from adversities
- Positive outlook and growth mindset



8. 360 Stakeholder Commitment

- Passion for all stakeholders
- Building synergies
- Trust and credibility
- Commitment to financial outcomes and ESG



3. Being Agile

- Adapting to change
- Thriving in uncertainty
- Bouncing back from adversities
- Rapid experimentation approach
- Solution-oriented growth mindset



6. Storytelling

- Impactful communication
- Inspiring people
- Creative ways of engagement
- Active listening



9. Corporate Citizenship

- Commitment to ESG
- Ethical practices
- Focus on sustainability



4.2.2 Performance Based Compensation Philosophy

The JKH Group Compensation Policy is as follows:

Performance Management

'Pay for performance'

Greater prominence is given to the incentive component of the total target compensation.

Satisfaction

'More than just a workplace'

Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

Compensation Policy

- Compensation comprises of fixed (base) payments, short term incentives, and long term incentives.
- Higher the authority levels within the Group, higher the incentive component as a percentage of total pay.
- Greater the decision influencing capability of a role, higher the weight given to organisational performance as opposed to individual performance.
- Long term incentives are in the form of Employee Share Options and cash payments.

Internal Equity

- Remuneration policy is built upon the premise of ensuring equal pay for equal roles.
- Manager and above level roles are banded using the Mercer methodology for job evaluation, on the basis of the relative worth of jobs.

External Equity

- Fixed compensation is set at competitive levels using the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the region, as relevant) as a guide.
- Regular surveys are done to ensure that employees are not under/over compensated.

4.2.2.1 Equity Sharing

Employee Share Option Plans are offered at defined career levels based on pre-determined criteria which are uniformly applied across the eligible levels and performance levels. These long term incentives have been significantly instrumental in inculcating a deep sense of ownership in the recipients and is seen to be a key driver of performance-driven rewards. Share options are awarded to individuals on the basis of their immediate performance and potential importance of their contribution to the Group's future plans.

The Company issues share options not exceeding a specified percentage of the total issued shares of the Company as at the date of awarding every such option, which is subject to in-principle approval of the CSE and shareholder approval, by way of a Special Resolution at a General Meeting.

4.3 Integrated Risk Management

JKH's Group-wide risk management programme focuses on wider sustainability development, to identify, evaluate and manage significant Group risks and to stress test various risk scenarios, including a review of materiality. The programme ensures that a multitude of risks, arising as a result of the Group's diverse operations, are effectively managed in creating and preserving stakeholder wealth. The Group manages its enterprise risk, and incident management processes through an automated risk management platform that enables the maintenance of live, dynamic and virtual risk registers which are linked to business goals and responsible personnel. Features such as the provision of timely alerts on action plans and escalation processes for risks, where action plans are over-due, ensure maintenance of live risk grids.

Continuous steps taken towards promoting the Group's integrated risk management process are:

- Integrating and aligning activities and processes related to planning, policies/ procedures, culture, competency, internal audit, financial management, monitoring and reporting with risk management.

- Supporting executives/managers in moving the organisation forward in a cohesive integrated and aligned manner to improve performance, while operating effectively, efficiently, ethically and legally within the established limits for risk taking. The risk management programmes have allowed greater visibility and understanding of risk appetites. Enabled by the automated risk management platform, Key Management Personnel have virtual visibility of the risks, as relevant, while the Board has visibility of all Group risks.
- Update of the Enterprise risk management platform to improve performance and include the latest features.

The Board, GEC and Group Management Committees, oversee risk management across the Group to ensure that risks are brought within tolerance, managed and/or mitigated.

4.3.1 Risk Management Process

The Group's Enterprise Risk Management (ERM) process is designed to ensure businesses are proactively identifying, assessing, and mitigating risk events. The risk management framework ensures consistency in methodology across diverse businesses and functions and follows both a top-down and bottom-up integrated approach, alongside strategic planning and decision-making. The annual cycle involves business-level risk identification and review on a quarterly basis, which is consolidated upwards at sector and industry group management committees, while Group risks are reviewed on a biannual basis by the Group Executive Committee. Risk appetite thresholds are set at a Group level and captured in the annual Group Risk Report, which also details Group-wide risk ratings, risk profile and analysis and is presented to the JKH Audit Committee where the salient aspects of this is reviewed by the Board, thereby concluding the annual risk management process. Policy level changes emerging from the discussion at the JKH Audit Committee are then incorporated in the following cycle to ensure alignment with the changing risk environment.

CORPORATE GOVERNANCE COMMENTARY

The risk management process and information flow is portrayed below:



Risk Management System

The Group ERM review process is facilitated through an online Enterprise Risk Management System. The system is firmly embedded across the Group, hosted internally, and controlled access is provided to all employees as relevant. The system was upgraded during the financial year to include additional features, increase user friendliness and improve overall performance.

Quarterly risk reviews are carried out via the system, with all business unit risk registers hosted online. Its functionality allows for a dynamic risk management environment, enabling analysis of ratings and movement of risks over time, access to historical data and risk reporting. The system also aggregates and records risk under the Group's ERM framework and provides an integrated approach to risk and risk mitigation across Group businesses.

Steps were taken to assist identification and categorisation of sustainability and climate related risks in the risk platform.

The ERM framework operates in concurrence with the Group's corporate governance structure and is linked to sustainability, corporate social responsibility and internal audit functions and processes, ensuring that regulatory compliance, ethical guidelines and sustainability concerns are integrated seamlessly across businesses when identifying risks and opportunities.

Risk Management Framework

- Financial, strategic, operational, information technology, governance and sustainability-related risks are considered.
- All risks are categorised within a common Risk Universe.
- Headline and Related Risk classification of all Group risks to allow consistency across Group businesses.
- 5x5 risk matrix for rating of risks with respect to likelihood and anticipated impact.

➕ Refer the Key Risks section under Outlook and Risks and Notes to the Financial Statements for further details.

4.3.2 Key Impacts, Risks and Opportunities

The Group takes a holistic approach to risk management, covering risks that are both financial and non-financial in nature, including its own operations as well as risks that may emanate from its supply chain partners. The Precautionary Principle influences the Group's approach to risk management of environmental impacts while, management of human and social capital risks is also highlighted and prioritised.

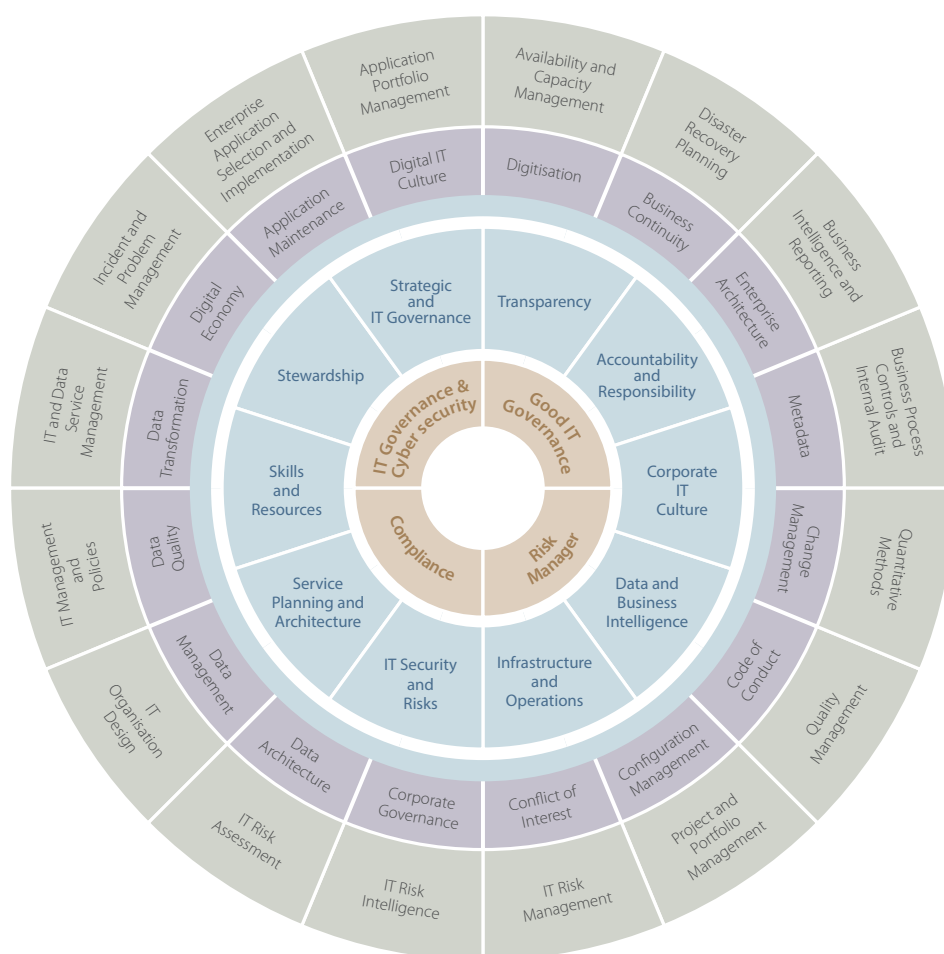
4.4 Information Technology (IT) Governance

IT governance stewardship roles are governed through layered and nested committees, cascading from the Board, GEC, GOC, the Group IT Steering Committee and to the Group IT Operations Committee with well-defined roles and responsibilities across the Group with a federated governance structure to cater to the holistic Group-level as well as specific industry level nuances. This ensures empowerment and enablement to act with a singular and more robust governance and policy framework across the Group, whilst being agile and nimble.

The Group's IT governance framework focuses on five broader segments, namely, strategic alignment, value delivery, performance management, risk management, and resource management.

Additionally, the IT governance framework used within the Group leverages on best practice and industry leading models such as CoBIT (Control Objectives for Information and Related Technology), ISO 35800, ISO27001, ISO 9001:2015, COSO (Committee of Sponsoring Organisations of the Treadway Commission)/BCP (Business Continuity Planning), ITIL (Information Technology Infrastructure Library), CMMI (Capability Maturity Model Integration), NIST (National Institute of Standards and Technology), FAIR (Factor Analysis of Information Risk), among others, in formulating a state-of-the-art framework for IT governance, risk and compliance management across the Group. The key focus areas of the governance framework are noted alongside.

The Group continually focuses on enhancing the IT governance framework in line with its business and IT strategies with a focused shift towards a zero-trust model built on a mobile-first, internet-first, cloud-first and artificial intelligence (AI)-first strategy.



Key Initiatives during the year:

- During the year, the Group undertook a financial transformation to align processes with strategic goals and enhance performance. This involved a comprehensive look of the business's financial processes, understanding existing challenges, controls, areas of manual work, identifying areas to leverage technology such as Robotic Process Automation (RPA), Advance Analytics and challenges to transform the finance function to be a more strategic contributor to the businesses. With the initial review over 200 changes and areas of improvement were identified and are being reviewed for implementation. The transformation efforts have been focused on establishing scalable finance processes, leveraging data-driven insights, and fostering a culture of continuous improvement, enhanced financial reporting accuracy, improved decision-making capabilities and security across all financial systems.
- As a part of the transformation journey, JKH embraced the advancement of technology within the Group's core systems and will be migrated to S/4HANA which is the latest SAP database built on a single data structure and architecture and emphasises the simplifications and innovation in processes. The integration of S/4HANA simplifies complex processes, reduces redundancies, and enables faster transaction times. With a unified data structure, decision-makers can access real-time insights, facilitating quicker and more informed decisions. Cloud-based scalability reduces costs and improves flexibility while the AI-driven analytics enhance insights and predictive analytics supports proactive planning. The decision to migrate has been integral in improving customer experience, fostering innovation, strengthening security and compliance, and optimising resources, ensuring long term success.

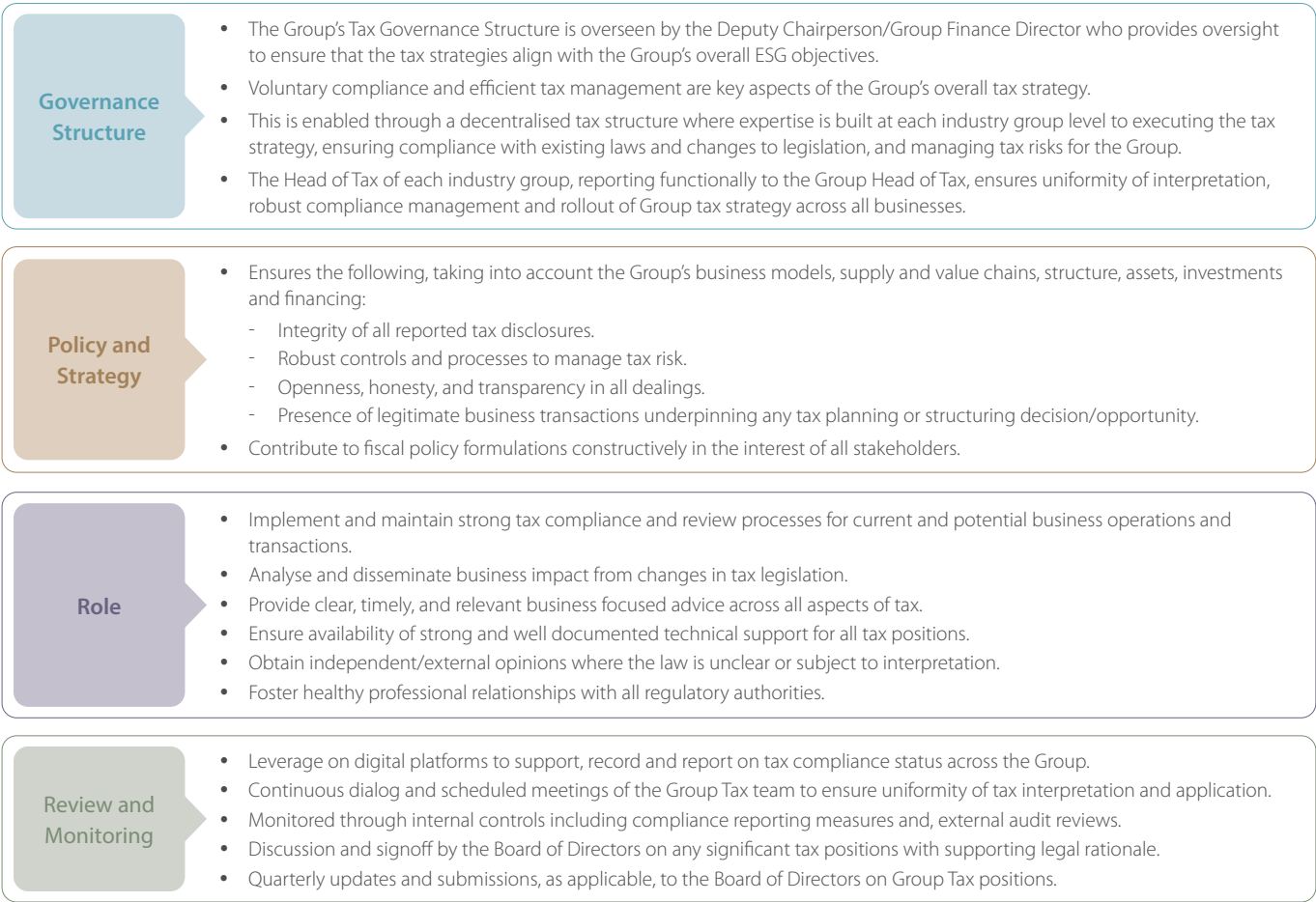
CORPORATE GOVERNANCE COMMENTARY

4.5 Tax Governance

The Group's tax governance framework is designed to ensure responsible tax practices and is aligned with the Group's broader ESG commitments focusing on compliance, transparency and stakeholder engagement. It ensures that tax decisions contribute to sustainable business practices, respect societal norms and are aligned with ethical corporate behaviour.

Key components of the framework are:

- Keeping abreast with local and international tax laws and regulations to avoid non-compliance and reputational damage.
- Transparency in tax disclosures to stakeholders, ensuring clarity on tax strategies and practices.
- Accountability to stakeholders, ensuring that tax obligations are met in a socially responsible manner, balancing shareholder interests with societal responsibilities.



The Group's Tax Governance Framework integrates compliance, transparency, and social responsibility, aligned with ESG reporting obligations. By adhering to this framework, the Group ensures that its tax practices are both legally compliant and ethically responsible, supporting sustainable growth while creating value for all stakeholders.

4.6 Stakeholder Engagement, Management and Effective Communication

Stakeholders play a crucial role in the Group, contributing labour, capital, and market demand. The Group is committed to transparently communicating its ambitions to its diverse stakeholder groups and actively seeks their input to refine its initiatives. With well-defined objectives aligned with its sustainability and business goals and targets, the Group prioritises the achievement of these commitments across the short, medium, and long term.

Engagement of significant stakeholders



Recognising the broad impact of its operations, the Group actively engages with a wide range of stakeholders across different industries, communities, and regions.

Internally, the Group's stakeholders consist of its business units and employees. Externally, it engages with shareholders, investors, lenders, customers, suppliers, business partners, Government bodies, regulators, industry peers, advocacy groups, media, and the wider community. Through ongoing dialogue and collaboration, the Group strives to integrate diverse perspectives into its sustainability efforts.

Following are the key stakeholder management methodologies adopted by the Group. Whilst the Group has multiple channels enabling effective communication, there were no material concerns that were raised during the year by stakeholders regarding the operations of the Group.

The table shown below indicates the key stakeholders of JKH, and the in-depth engagement and management methodologies adopted and carried out by the Group. This helps in enabling effective communication between both parties.

Stakeholder Expectations	Management	Methods of Engagement
Customers		
Products and services being up to their required standards, in terms of high quality and safety.	<ul style="list-style-type: none"> Constant engagement with customers. Providing products that meet their requirements. 	<ul style="list-style-type: none"> Road shows, trade fairs and field visits (A) One-on-one meetings, discussion forums, progress reviews (B) Customer satisfaction survey (Q) Information dissemination through printed reports, telephone, SMS, e-mail, corporate website, workshops and business development activities (O)
Products and services are provided in an environmentally and socially responsible manner.		
Employees		
Provide a safe and enabling environment.	<ul style="list-style-type: none"> Accessibility to all levels of the management. 	<ul style="list-style-type: none"> Performance reviews and skip level meetings (B)
Ensure equal opportunity within a meritocratic culture.	<ul style="list-style-type: none"> Involvement through means such as staff volunteerism, John Keells employee service and HIVE portal. 	<ul style="list-style-type: none"> Employee satisfaction surveys and group-wide year end get-together (A)
Enhancement of skills and knowledge, continuous engagement.		<ul style="list-style-type: none"> Intranet communications (Q)
Work-life balance.		<ul style="list-style-type: none"> Training and development, team building, joint consultative committees, open door policy, sports events, Corporate Social Responsibility programmes (O)
Community		
Stimulate local economy through procurement and employment.	<ul style="list-style-type: none"> Provide updates on business activities that may impact the community. 	<ul style="list-style-type: none"> Community engagement prior to entry and on exit via one-on-one meetings, workshops, forums (On)
Operate with minimal impact on shared natural resources.	<ul style="list-style-type: none"> Support local businesses through partnerships and sourcing from local suppliers. Provide direct and indirect employment. 	<ul style="list-style-type: none"> Regular engagement while operating via one-on-one meetings, workshops, forums (M) Corporate Social Responsibility programmes (O)
Shareholder Investors		
Consistent economic performance.	<ul style="list-style-type: none"> Maintain transparency in reporting and corporate governance. 	<ul style="list-style-type: none"> Annual reports, disclosures and reviews (A)
Economic growth.	<ul style="list-style-type: none"> Stay updated on policy changes and proactively adapt business strategies. 	<ul style="list-style-type: none"> Quarterly reports (Q) Investor webinars and road shows (R) Phone calls, e-mail, written communication, websites, one-on-one meetings (O)
Government		
Contribute to economy through strategic investments.	<ul style="list-style-type: none"> Transactions in compliance with all relevant laws and regulations, transparently and ethically. 	<ul style="list-style-type: none"> Participation of senior management in chambers and industry associations (Q)
Create direct and indirect employment.	<ul style="list-style-type: none"> Zero-tolerance policy in ensuring that all business units meet their statutory obligations in time and in full. 	<ul style="list-style-type: none"> Meetings, business forums, newsletters, circulars, presentations and briefings, advisory meetings of industry associates (O)
Timely payment of taxes and levies.		
Legal and Regulatory Bodies		
Compliance with laws and regulations.	<ul style="list-style-type: none"> Regularly review policies and procedures to align with legal changes. 	<ul style="list-style-type: none"> Participation of senior management in chambers and industry associations (Q)
Practice sound corporate governance.	<ul style="list-style-type: none"> Conduct regular legal audits and risk assessments. 	<ul style="list-style-type: none"> Meetings, periodic disclosures, correspondence (O)

(A)-Annually, (B)- Biannually, (Q)- Quarterly, (O)- Ongoing, (On)- One-off, (M)- Monthly, (R)- Regular

CORPORATE GOVERNANCE COMMENTARY

Stakeholder Expectations	Management	Methods of Engagement
Business Partners		
Long term business relation and adherence to contractual obligations	• Set clear service-level agreements (SLAs) and key performance indicators (KPIs).	• Distributor conferences, contract renegotiations and reviews, road shows, supplier assessments, supplier fora (A)
Knowledge sharing		
Representation in business councils and committees	• Implement a Supplier Code of Conduct to enforce ethical business practices.	• Supplier review meetings (B)
		• Market reports (R)
		• Conference calls, e-mails, circulars, corporate website and sourcing, contracting and supplier management platform (O)
Society, Media, Pressure Groups		
Operate in accordance with social norms, cultures with minimal negative social and environmental impact	• Invest in social causes that align with business values and stakeholder expectations.	• Website, press releases, media briefings, correspondence (O)
Adhere to laws and regulations	• Demonstrate commitment to ethical and sustainable business practices.	
Operate as a responsible corporate citizen		
Industry Peers and Competition		
Ethical business practices	• Foster healthy competition and ethical practices	• Participation of senior management in chambers and industry associations (Q)
Participation in business councils and committees	• Stay agile and adapt to market changes	• Membership of trade associations, conferences, discussion forums (R)

(A)-Annually, (B)- Biannually, (Q)- Quarterly, (O)- Ongoing, (On)- One- off, (M)- Monthly, (R)- Regular

4.6.1 Communication with Shareholders

The Group maintains several communication channels with the shareholders which include the Annual Report, interim financial statements, investor presentations, AGMs, EGMs, announcements to the CSE, press releases, the corporate website, shareholder surveys on a needs basis, the investor feedback form provided in the Annual Report, and through the Company Secretaries.

Engagement Mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim financial statements	Quarterly
Investor Relations Webinar	Quarterly
Investor presentations	As required, quarterly at a minimum
Transcript of the Investor Relations Webinar	Quarterly
Press releases	As required
Announcements to CSE	As required
One-on-one discussions	As required
Investors Relation's section in the Corporate website	Continuous
Feedback surveys	As required

Policy on Corporate Disclosures and Relations with Shareholders and Investors

This policy ensure that required information, other than confidential business information, is disclosed to the public, investors, employees, customers, creditors and other relevant stakeholders in a timely, accurate, complete, understandable, convenient and affordable manner, in compliance with the Group's governing framework and listing regulations of the CSE. The policy covers matters related to shareholders and investors of the Group such as disclosures of material information, financial information, Annual Reports, press releases and website management.

Corporate disclosures and relations with shareholders and investors are mainly centrally managed at John Keells Holdings PLC, on behalf of the Group companies.

This Policy is governed by the Company's Board of Directors and is periodically reviewed by the Board to ensure alignment with evolving regulatory changes, best practice and the strategic interests of the Group and its stakeholders.

A mechanism is in place to ensure that Directors are apprised of major issues and concerns of shareholders.

4.6.1.1 Investor Relations

The Investor Relations team of the Group is responsible for maintaining an active dialogue with shareholders, potential investors, investment banks, analysts and other interested parties in ensuring effective investor communication.

- The Investor Relations team led by the Executive Directors, has regular discussions with shareholders, as and when applicable, as well as analysts and stockbroking firms to disseminate highlights of the Group's performance as well as to obtain constructive feedback.
- The online quarterly investor forums provide stakeholders the opportunity to directly engage with the Group's Chairperson-CEO and the Deputy Chairperson/Group Finance Director. The recording and the transcript of the investor forum is made available on the corporate website for reference of all stakeholders/shareholders.
- Quarterly investor resentations, which include an update on the latest financial results, are made available on the corporate website, to provide easier access and in-depth detail of the operational performance of the Group.
- Annual investor presentations, detailing an overview of the Group and industry groups with financial and non-financial performance indicators, are made available on the corporate website, to provide easier access and in-depth detail of the overall Group.
- Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Group by contacting the Investor Relations team, Secretaries, the Chairperson-CEO or Senior Independent Director.
- Whilst the Group will assist shareholders and investors to the extent permissible, in line with applicable regulations and internal policies, individual shareholders are encouraged to carry out adequate analysis or seek independent advice on their investing, holding or divesting decisions at all times.

Awards

Silver award for 'Best Investor Relations' at the Capital Market Awards 2024 of CFA Society Sri Lanka.



4.6.1.2 Release of Information to the Public and the CSE

The Board of Directors, in conjunction with the Audit Committee, where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting a true and fair view, and balanced assessment of results in the quarterly and annual financial statements. Accordingly, JKH has reported a true and fair view of its financial position and performance for the year ended 31 March 2025 and at the end of each quarter of the financial year 2024/25.

All other material and price sensitive information about the Company is promptly communicated to the CSE and such information is also released to employees, the press and shareholders. Shareholders and investors may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of JKH. Such questions, requests and comments should be addressed to the Company Secretary.

The Group focuses on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Group ensures that information is communicated accurately and in a manner that will avoid the creation or continuation of a false market.

4.6.1.3 Annual General Meeting

Year of the AGM	Number of attendees/ proxy holders	Shareholding (No. of shares)	% of total shareholding
2023/24	61	863,993,288	58%
2022/23	74	847,476,032	61%
2021/22	82	820,115,386	59%
2020/21	72	690,870,858	52%

Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the businesses of the Group. Annual Reports are made available to shareholders in electronic form. Shareholders may at any time elect to receive an Annual Report from JKH in printed form, which is provided free of charge.

The Group maintains records of all resolutions and applicable information upon a resolution being considered at any General Meeting. The Group shall also provide copies of the same at the request of the Exchange and/or the SEC.

The Group constructively makes use of the AGM towards enhancing relationships with the shareholders and towards this end the following procedures are followed:

- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report within the specified time.
- Summary of procedures governing voting at the AGM are clearly communicated.
- The Board ensures that the External Auditors are present at the AGM.
- Availability of Executive and Non-Executive Directors to answer queries.
- The Chairperson-CEO ensures that the relevant senior managers are also available at the AGM to answer specific queries.
- Separate resolutions are proposed for each item that is required to be voted on.
- Proxy votes, those for, against, and withheld (abstained) are counted.
- The AGM for the year was held virtually, complying to the guidelines issued by the CSE.

4.6.1.4 Serious Loss of Capital

In the unlikely event that the net assets of the Company fall below half of its stated capital, shareholders will be notified, and the requisite resolutions would be passed on the proposed way forward.

CORPORATE GOVERNANCE COMMENTARY

4.6.1.5 Extraordinary General Meetings, including Shareholder Approval through Special Resolution

The Company will seek shareholder approval, either via special or ordinary resolution as permitted under applicable law, when transactions and events which are material in the context of Group and Company occur or are undertaken and in line with all applicable rules and regulations. During the year under review, an amendment to the Articles of Association was done through the passing of a special resolution at an extraordinary general meeting, to facilitate the revised rules on Alternative Directors.

4.7 Sustainability Governance

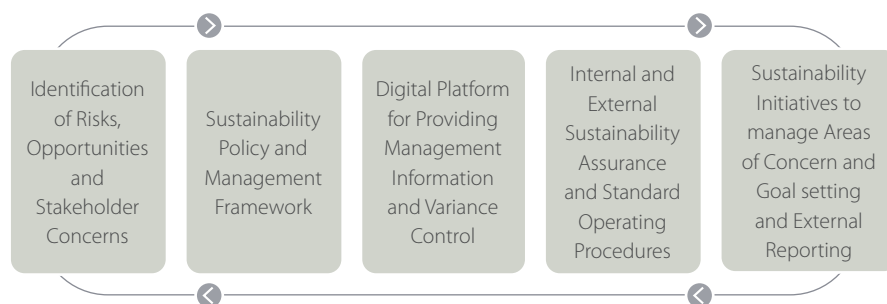
The Group remains steadfast in its commitment to being responsible and conducting operations in a sustainable manner whilst focusing on ESG aspects. Sustainable practices remain a strategic priority of the Group, and this is ensured through the embedding of its framework into day-to-day operations.

4.7.1 Approach

The Group's approach to sustainability is materiality and is optimised continuously based on performance. The Board firmly embeds sustainability concerns within the Group's strategic planning process, with companies striving to optimise performance from a triple bottom line lens and internal and external sustainability assurance and standard operating procedures which are in place to review the effectiveness of the procedures embodied by the Group on a needs basis.

The Group has in place a sound sustainability integration process, management framework and sustainability organisational structure through which sustainable practices are embedded to the Group's operations.

With the introduction of the Group's ESG ambitions, a governance framework has been put in place to follow through and ensure accountability. This structure will enable top-down undertaking of material aspects at Group and Sector levels and assign accountability as well as further contribution.



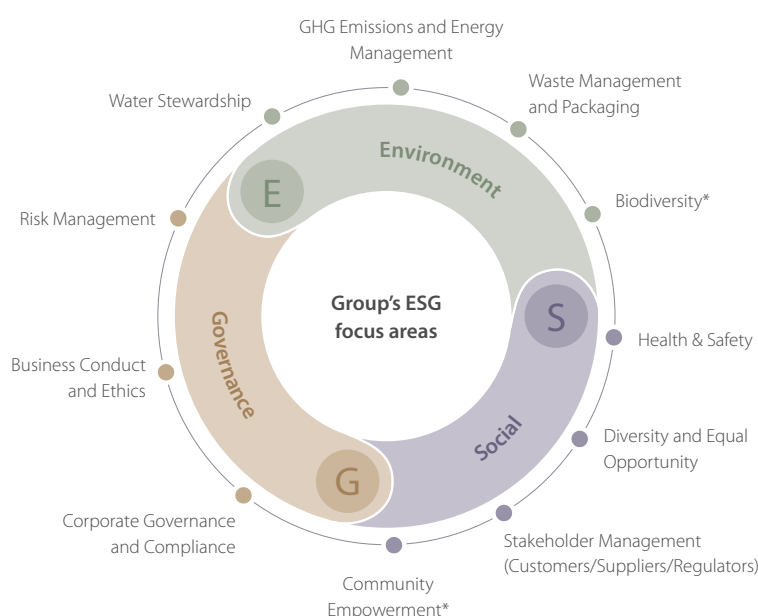
Sustainability Integration Process

The Group's well-established sustainability integration processes and its sustainability management framework works alongside other key functions and management systems such as human resources, health & safety and product responsibility processes, as well as risk management, internal audit, legal and statutory compliance and corporate social responsibility initiatives. The Sustainability Management Framework is updated on a continuous basis to incorporate changing requirements and updates to the global sustainability landscape.

Environmental issues such as, climate change, resource scarcity and environmental pollution, social issues such as, the Group's labour practices, talent management, product safety and data security, and governance aspects such as, Board diversity, executive pay and business ethics are given significant emphasis within the Group and are quarterly reviewed by the GEC and Board.

Group's Efforts Towards ESG Initiatives During the Year:

- Outlined a comprehensive roadmap to achieve ESG ambitions, focusing on short, medium, and long term goals across various dimensions.
- Governance framework established to drive ambitions with senior leadership appointed as ambition heads and champions from across the Group to spearhead ambitions at a Group level.
- Cross cutting steering committees have been appointed for each ambition to assist with sector level implementation
- Developed and updated Group policies to support ambitions.



*These ambitions are also focus areas for the John Keells Foundation. Efforts through JKF will also contribute towards the achievement of ambitions set under these pillars.

The Group has outlined a comprehensive roadmap to achieve ESG ambitions, focusing on short, medium, and long term goals across various dimensions. These ambitions will be further fine-tuned and revised based on the groundwork and detailed findings of each of the pillars under the Ambition Heads and any revisions or deviations from these initial ambitions will be periodically reported and updated during the annual reporting process given its medium to long term nature. On the environmental front, the Group aims to achieve net-zero greenhouse gas (GHG) emissions aligned to global conventions, reflecting its commitment to energy management. For waste management and packaging, the medium-term targets include using 100% recyclable plastics, eliminating 50% of internally consumed plastics, achieving zero waste to landfill, and becoming plastic-neutral in the medium-term. Looking further ahead, the Group aspires to work towards becoming plastic-positive. Underwater stewardship, medium-term goals include reducing water consumption per revenue earned, with Group-wide targets to be determined, while the long term vision is to achieve water neutrality in the medium-term and water positivity in the longer term.

In the social domain, health & safety targets aim for zero preventable injuries across all businesses in the medium-term, with all businesses achieving Occupational Health & Safety (OHS) accreditation in the long term. Diversity and equal opportunity initiatives include increasing female workforce representation to 40% by 2030, ensuring workplace accessibility by all in the medium-term, and committing leadership to the Champions of Change pledge.

While the Group has made its best efforts and done a lot of groundwork to break role stereotypes and develop a pipeline of female leaders, the recovery from the disruptive macro-environment in the country, together with some of the other challenges, resulted in the Group falling short of the original target of 40% established for 2025.

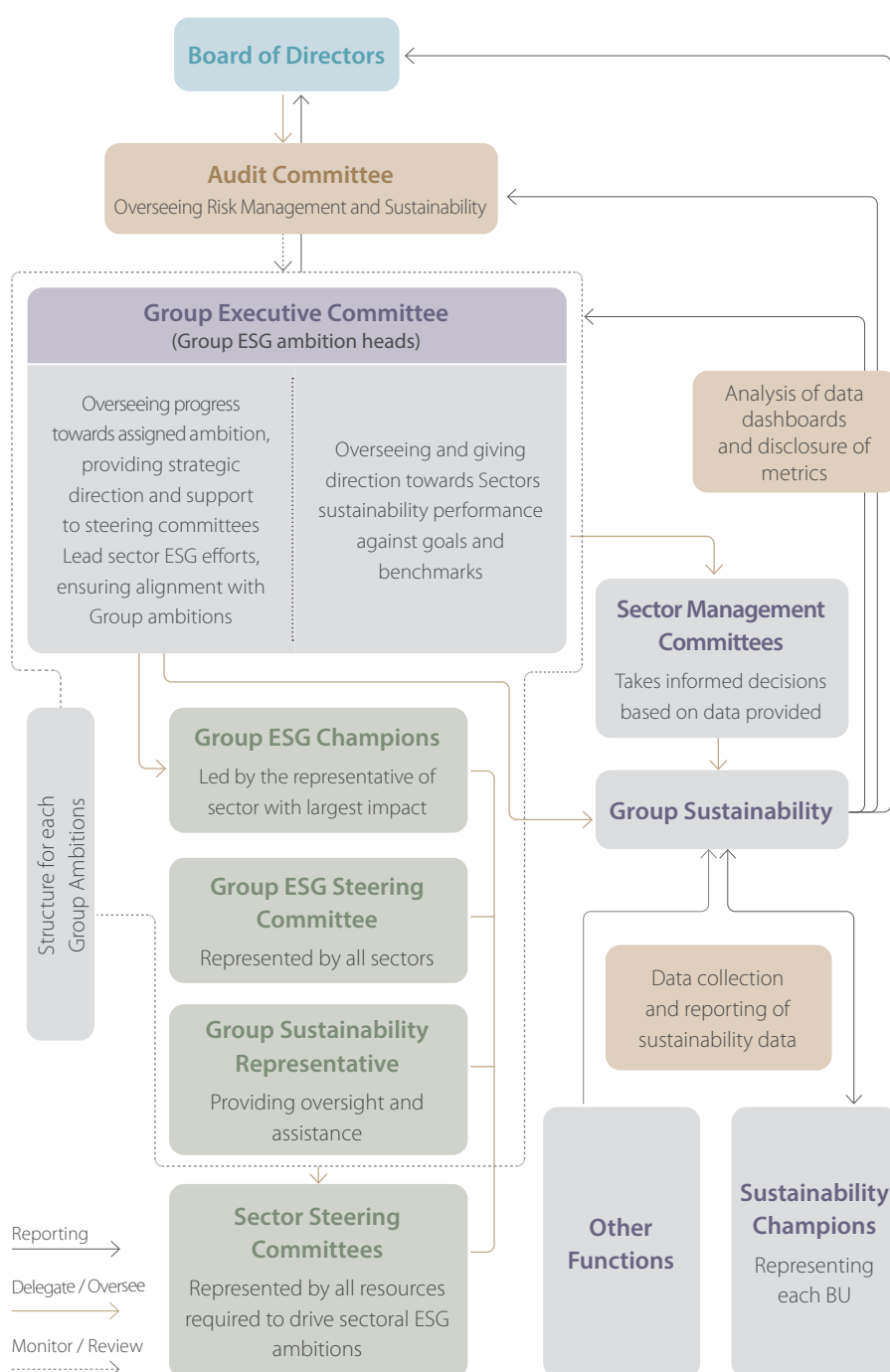
Medium-term objectives include achieving 30% women in leadership positions and enhancing accessible communication for all. Long term goals target gender parity and establishing a specific representation target for persons with disabilities (PWDs).

Under community empowerment, the Group's short term objectives involve enhancing skills, increasing market access, and implementing activities to promote social health in

the shorter term. For stakeholder management, the Group is committed to enhancing the sustainability of its supply chain. These goals demonstrate the Group's commitment to fostering a sustainable, inclusive, and equitable future through deliberate and phased ESG strategies.

John Keells Foundation, the CSR arm of the Group, undertook a strategic review of its focus areas, guided by research into evolving socio-economic needs. The initiatives carried out under the areas of Education, Community and Livelihoods, Social Health and Cohesion, and Biodiversity not only fulfil the Foundation's purpose but also contribute meaningfully towards achieving the Group's Environmental and Social (E&S) ambitions, as illustrated.

The Group established a comprehensive governance framework to ensure accountability, consistency, and support the effective delivery of the ambitions set out under the ESG pillars. This included the appointment of Group ESG Ambition Heads, ESG Champions, and Steering Committees, all guided by a clearly defined mandate outlining roles, responsibilities, reporting structures, and frequencies. This framework was integrated into the existing sustainability governance structure to create a unified, streamlined system for reporting and decision-making.



CORPORATE GOVERNANCE COMMENTARY

Group's Sustainability Governance structure

The Group's ESG framework is an amalgamation of the various frameworks within the Group, and, through this, the Group endeavours to ensure sustainable value creation for all stakeholders and mitigate any adverse impacts of Group businesses on the environment, economy and society. As such, the ESG disclosures across the Report are captured through the following frameworks:

ESG Disclosures through:



4.7.4 Sustainability Organisation Structure

Group Executive Committee

Responsible for formulating and steering the Group's overall Sustainability strategy.

Sustainability, Enterprise Risk Management and Group Initiatives Division

Operationalises the Sustainability Management Framework (SMF) and carries out Group-wide processes, including identification of stakeholder and material issues, stakeholder engagements, risk assessments, Group-wide awareness campaigns and overall review and monitoring of the SMF.

Business Units

Each business unit is responsible for their sustainability performance, operating under the umbrella of the Group's SMF. Sustainability Champions under the leadership of their respective Heads of Business/Sector Heads, and working closely with the central sustainability division, have responsibility for implementing sustainability initiatives and management of performance of their individual businesses.

The Group firmly embeds sustainability concerns within the Group's strategic planning process, with companies striving to optimise performance from a triple bottom line lens. All business units are required to identify non-financial risks and material impacts and include strategies to address these through sustainability initiatives and projects. Business and individual objectives are therefore aligned with overall sustainability goals, resulting in an entrenched focus on sustainability.

The SMF extends beyond Group boundaries, also focusing on the Group's value chain with the purpose of benefiting suppliers and their own dependent supply chains. Through its Supplier Code of Conduct, annual assessment of supply chain partners and ongoing awareness and engagement through Supplier Fora, the Group strives to have a positive impact on key external stakeholders.

4.7.5 Sustainability Disclosures

The Group uses both its Annual Integrated Report and corporate website as the primary means of responding to stakeholder concerns and outlining its Sustainability strategy, including materiality assessments and management policies and processes. The data measurement techniques, calculation methodologies, assumptions and estimations applied in the compilation of the sustainability indicators contained in this Report, are in accordance with standard industry practices and Global Reporting Initiatives (GRI) Standard. Such data measurement techniques,

methodologies, assumptions and estimations are detailed in the relevant Management Approach Disclosures section and can be found in each of the Capital Review sections of the Annual Report. Reference to specific information and disclosures required by the GRI Standards can be found through the GRI content index. Figures and statements have been rearranged, wherever necessary, to conform to the current year's presentation in terms of restatements and comparisons to the previous year.

5 ASSURANCE MECHANISMS

The Assurance Mechanisms comprise of the various supervisory, monitoring and benchmarking elements of the Group Corporate Governance System which are used to measure actuals against plan with a view to highlighting deviations, signalling the need for corrective action, and quick redress when necessary. These mechanisms also act as safety nets and internal checks in the governance system. The Group also conducts internal and external audits on a periodic basis, annually at minimum.

As outlined in the ensuing sections, the Group has various mechanisms in place for concerns to be escalated and raised to the GEC or to the Board as relevant and required. Other than matters on significant transactions linked to the operations of the Group, no critical concerns which have a material adverse effect on the Group were raised during the year.

5.1 Key Internal Policies

The integrated governance systems and procedures and the various frameworks as discussed under Section 4 of this Commentary are operationalised and sustained through a comprehensive set of internal policies and implementation procedures established by the Group. The Group maintains a robust set of internal policies and implementation procedures and any changes to such policies shall be communicated to the stakeholders as relevant. The Board delegates the responsibility for monitoring compliance with such policies to the Chairperson-CEO or relevant Board Committees. The Board shall monitor adherence to the policies and where relevant, will inquire into and take requisite steps to address any material departures.

Key Internal Policies of the JKH Group

- Policy on Conduct and Business Ethics
 - Code of Conduct, which also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information, insider trading and conflicts of interest
 - Supplier Code of Conduct
- Policy on Corporate Governance
- Policies at a Board level, including the Policy on Matters Relating to the Board of Directors, Policy on Board Committees and Policy on Nominations and Re-election
- Policy on Remuneration
- Policy on Diversity, Equity and Inclusion, including a Gender Policy
- Policies on equal opportunities, non-discrimination, career management and promotions, including on employees with disabilities
- Recruitment and selection, rewards and recognition, and learning and development policies
- Leave (which also encompasses the equal parental leave), flexi-hours, tele-working and agile working policies including health & safety enhancements and protocols
- Policy against sexual harassment
- Policy on forced, compulsory child labour and child protection
- Group accounting procedures and policies which includes the Policy on Control and Management of Company Assets and Shareholder Investments and the Policy on the Engagement of the External Auditor for Non-Audit Services
- Policies on fund management and foreign exchange risk mitigation
- Environmental, Social and Governance (ESG) Policy and the Group's sustainability policies including policies on energy, emissions, water, waste management and biodiversity conservation
- Policies on products and services
- Information Technology (IT) policies and procedures, including data protection, classification and security
- Enterprise Risk Management and Internal Controls Policy
- Policy on Anti-Bribery, Anti-Corruption, Anti-Fraud, Anti-Money Laundering, Anti-Terrorism and Proliferation Financing and Sanctions.
- Policy on Corporate Disclosures and Relations with Shareholders and Investors
- Policy on communications and ethical advertising, complemented by social media and crisis communication guidelines
- Policies on whistleblowing (Speak up Policy), grievance handling and disciplinary procedures, including the Ombudsperson policy


The Code of Conduct also serves as the critical link between the Group's governance framework and its employees, translating governance principles into expected behaviours. It encompasses the requirements of the internal policies by providing a unifying standard that guides daily decision-making and conduct across all levels of the organisation.

The Group's policy commitments are available to all employees via the Group's employee portal and such policies are made available to the shareholders upon a written request. These policy commitments are approved by the GEC with Board oversight. Other than the updates and the policies that were formalised in order to comply with Rule 9 of the Listing Rules as outlined below, no material changes were done to the Group policies during the reporting period and all the policies were complied with and no waivers from compliance or exemptions for the internal Code of Conduct and business ethics were granted during the year under review. The Group is in the process of making available all applicable policies in the public domain.

Key initiatives during the year

During the year under review, the Group revisited its internal policy universe to ensure adherence with the revised Listing Rules of the CSE. The key developments include:

- While the Group has a Code of Conduct applicable to all Employees, this Code was introduced under the Group's policy framework to provide a structured approach to govern ethical business practices and professional behaviour.
- While separate sustainability related policies existed and continue to do so, a Policy on Environmental, Social and Governance (ESG) was newly developed to provide an overarching framework to tie in the different aspects of the individual policies.
- A Policy on Relations with Shareholders and Investors was introduced, and while the Group already had relevant processes in place for the same, this Policy ensures alignment with the Listing Rules while incorporating existing governance measures.
- A Policy on Control and Management of Company Assets and Shareholder Investments was formalised to enhance transparency and accountability in the oversight of shareholder assets and investment decisions.

 *Disclosure as per Rule 9.2 of the Listing Rules:*
<https://www.keells.com/resource/governance/Statement-for-Website-Adoption-of-Policies.pdf>

“The Group's policy commitments are available to all employees via the Group's employee portal and such policies are made available to the shareholders upon a written request. These policy commitments are approved by the GEC with Board oversight.”

CORPORATE GOVERNANCE COMMENTARY

5.1.1 The Code of Conduct

The Code of Conduct acts as a vital conduit between the Group's overarching governance framework (which includes the Group's internal policies) and its employees, as it is the primary tool that operationalises the governance framework. The Code of Conduct is based on the following four principles:

JKH Code of Conduct

- Allegiance to the Company and the Group, that ensures the Group will do the right thing, by going further than the letter of any contract, the law and the Group's written policies.
- Compliance with rules and regulations applying in the territories that the Group operates in.
- Conduct all businesses in an ethical manner at all times in keeping with acceptable business practices and demonstrate respect for the communities the Group operates in and the natural environment.
- Exercise of professionalism and integrity in all business and public personal transactions.

The Code of Conduct is incorporated as part of the contract of employment of every employee. For new joiners in the executive and above levels, the content of the Code of Conduct (which includes the anti-corruption policy and procedure) is covered via a mandatory e-learning module whilst copies of the document are available in Sinhala and Tamil languages for employees who are more conversant in those languages.

Through the Code of Conduct, all Group policies apply to all employees and Directors. All policies of the Company receive final approval at Board level and are readily available to employees in the official languages of Sri Lanka (Sinhala, Tamil and English). The Company leadership, both the Board of Directors and the GEC, spearheads the implementation of the Code.

During the year under review, the Group continued to strengthen its internal policy framework in line with best practice and the revised CSE Listing Rules. This included a review of the interdependencies among its policies, the revamping of existing policies, and the formalisation of processes already in place through the introduction of overarching policies for these processes. As part of this effort, the Group's Code of Conduct is currently being revamped to consolidate all expectations from an employee into a single, more informative, and comprehensive policy document.

The objectives of the Code of Conduct are strongly affirmed by a strong set of Values which are well institutionalised at all levels within the Group through structured communication. The degree of employee conformance with Values and their degree of adherence to the JKH Code of Conduct are key elements of the reward and recognition schemes.

There were 23 reported incidents of fraud, 22 of which resulted in employee terminations. The majority of these incidents were reported from the Supermarket business.

The Group Values continue to be consistently referred to by the Chairperson-CEO, Presidents, Sector and Business Unit Heads during employee and other key stakeholder engagements, in order to instil these values in the DNA of the employees.

 *Group Values are found in the Business Model section of the Annual Report – page 50.*

Ethical Business Practices of the Group

- Seeks to ensure that ethical business practices are the norm from the most senior to the most junior employee, stemming from, and including the Board of Directors. All Group companies have procedures and processes to enable the prevention and reduction of corruption and bribery. Each business unit is expected to evaluate the risk of corruption as part of its risk management process and put in place mitigation measures to reduce such risks. Its transparent control and prevention mechanisms also extend this expectation to its value chain comprising of its customers, suppliers and business partners. The Group is required to analyse all its business units and functions and include the risk of corruption as part of its risk management process. The Group has a zero-tolerance policy towards bribery and corruption.
- Stringent checks during the recruitment process ensures that minimum age requirements are met.
- Ensures that all businesses are educated on the possible sources of forced and compulsory labour.
- Committed to upholding the universal human rights of all its stakeholders.
- Is an equal opportunity employer and has zero-tolerance for physical or verbal harassment based on gender identity, race, religion, nationality, age, social origin, disability, sexual orientation, political affiliations or opinion or any other difference.

Deep-dive into Giving and Receiving Gifts, Favours and Entertainment

The Group's policies prohibit the giving or receiving of gifts, entertainment or favours where a reasonable person could perceive a risk to independence or impartiality or view it as an inducement for an official or business favour. This covers interactions with clients, service providers, customers, business associates, political parties, or any stakeholder and also applies to charitable donations and sponsorships. Any gifts or benefits exceeding USD 50 per gift, whether given or received, may be permitted under business exigencies but must be reported to the relevant Finance Head (Chief Financial Officer or Sector Financial Controller) and are centrally collated and monitored.

5.2 Senior Independent Director (SID)

The Senior Independent Director serves as a key point of contact for shareholders and Board members, providing independent oversight, supporting the Chairperson, and addressing any concerns that may arise regarding the leadership or governance of the Board.

✚ For more information refer the Senior Independent Director section – page 252.

5.3 Chairperson Direct

The Group has a formal mechanism in place that enables both shareholders and employees to directly communicate with the Chairperson via email regarding any critical grievances or concerns. This platform ensures transparency, accountability, and open dialogue, allowing stakeholders to voice their issues in a structured and confidential manner.

5.4 Board Sub-Committees

The Board Sub-Committees play an important supervisory and monitoring role by focusing on the designated areas of responsibility passed to it by the Board.

✚ For more information refer the Board Sub-Committees section – page 243.

5.5 Employee Participation in Assurance

The Group is continuously working towards introducing innovative and effective modes of employee communication and employee awareness. The importance of communication – top-down, bottom-up, and lateral – in gaining employee commitment to organisational goals has been conveyed extensively through various communications issued by the Chairperson-CEO and the management. Whilst employees have many opportunities to interact with senior management, the Group has created the ensuing formal channels for such communication through feedback, without the risk of reprisal.

- Skip level meetings
- Exit interviews
- 360 degree evaluation
- Employee surveys
- Monthly staff meetings
- Chairperson-Direct
- Ombudsperson
- Access to Senior Independent Director
- Continuous reiteration and the practice of the Open-Door policy

Additionally, the Group continued with its policies on whistle blowing and securities trading. The Group has witnessed an increased level of communication flow from employees. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up, to the extent possible, to ensure two-way communication. The respective outcomes are duly recorded.

Transparency in Corporate Reporting (TRAC) Assessment

JKH was ranked first in the Transparency in Corporate Reporting (TRAC) Assessment by Transparency International Sri Lanka (TISL) for the past four consecutive years, with a 100% score for transparency in disclosure practices. For the period under review, an assessment was not conducted by TISL, and the most recent ranking remains in effect until a new assessment is carried out.

This ranking is based on an assessment of corporate disclosure practices among the top 125 companies listed on the CSE, under six different thematic areas crucial to fighting and preventing corruption – reporting on anti-corruption programmes, organisational transparency, country-by-country reporting, domestic financial reporting, reporting on gender and non-discrimination and reporting on procurement related to Government contracts and tenders.

5.6 Internal Controls

The Board has taken necessary steps to ensure the integrity of the Group's accounting and financial reporting systems, and internal control systems remain robust and effective via the review and monitoring of such systems on a periodic basis.

5.6.1 Internal Compliance

A quarterly self-certification programme requires the Presidents, Sector Heads and Chief Financial Officers of industry groups to confirm compliance with statutory and other regulatory procedures, and also to identify any significant deviations from the expected norms. The compliance statement which gets collated every quarter and tabled at the respective Audit Committee meetings, is subject to periodic review and where applicable revised, to reflect and capture any material changes that drive the macro and micro operating contexts, for reporting and monitoring purposes.

5.6.2 System of Internal Control

The Board has taken steps to obtain assurance that systems, designed to safeguard the Company's assets and provide management information, are functioning according to expectations and proper accounting records are in place through the involvement of the Group Business Process Review function.

This also entails automated monitoring and workflow based escalation in order to facilitate timely clearing of all transactional entries including complete reconciliation, unreconciled and open entries being flagged and periodically scrutinised, and formal disclosure being made to the relevant Audit Committees, efficient management and tracking of cash and cheques deposits, in line with international best practice. This also enables the continual streamlining and optimisation of the internal audit function via identification of focus areas, improvement opportunities and feedback reporting in order to reinforce governance and assurance.

The Group has in place two integrated frameworks, the Fraud Deterrent and Investigation Framework and the Integrated Process Review Framework that complement each other to strengthen the Group's effort to promote anti-fraud, anti-corruption and anti-bribery by proactively recognising the changing context and operating landscape. The integrated fraud deterrent and investigation framework, which enables an integrated platform for handling all aspects of fraud and stakeholder assurance, reinforces uniformity across common processes in matters relating to fraud, employs a data-driven approach to the continuous assessment of control efficacy and assesses and deploys appropriate preventive and detective controls against frauds. The Integrated

CORPORATE GOVERNANCE COMMENTARY

Process Review Framework provides an innovative approach to internal audits, which enable audits to be specific and highly focused on matters relevant to a business entity. Emphasis is placed on use-cases and events stemming from the current business strategy, which must be facilitated by participating processes, systems, and personnel which form micro-value chains with special attention to the efficacy of control and its placement to ensure the integrity of transactions as each traverse through each micro-value chain, at the time of audit reviews.

The digital system implemented for quarterly financial and operational information management, continues to perform as per expectations facilitating data capturing for compliance reporting, providing a sustainable and structured mechanism to enable top-down and bottom-up stakeholder engagement, and tracking the progression of how the compliance posture at an entity level has evolved, among others. The Forensic Data Analytics platform feeds into internal audit scoping and continues to be used to identify areas for process optimisation, strengthening controls and in feedback reporting to reinforce governance (management) and assurance structures.

Initiatives to Strengthen Internal Controls

- A Forensic Data Analytics platform was implemented for automated transaction outlier detection, to monitor key financial data such as accounts payable, accounts receivable, the general ledger and other financial transactions. The system detects anomalies and routes alerts for timely management review, helping deter fraud and reinforce internal controls. Alerts are classified as Useful or Not Useful, with the latter undergoing independent internal audit review. This process includes a formal root-cause analysis and an evaluation of the efficacy of remedial measures. Findings and trends are regularly reviewed with governance bodies to drive continuous improvements. Utilising machine learning and behavioural analytics, the platform enhances risk mitigation, fraud detection, and regulatory compliance.
- The Group launched a pilot for an advanced, data-driven Integrated Financial Risk Intelligence System to enhance financial governance, compliance oversight, and credit risk mitigation. Utilising behavioural analytics and machine learning, the system analyses customer payment patterns, generating actionable insights to translate behavioural risk to financial risks. Aligned with IFRS 9 guidelines, it supports informed decision-making, strengthens governance, and ensures regulatory compliance.
- The Group maintained a robust Business Continuity Management (BCM) framework; a process driven approach designed to safeguard operational integrity, protect stakeholder interests, and align with globally recognised resilience standards such as ISO22301:2019 and DRI best practice. This framework integrates proactive risk mitigation, rigorous testing, and governance oversight to ensure continuity of critical functions during disruptions.
- In order to ensure compliance with the Personal Data Protection Act No. 09 of 2022 (PDPA), Data Protection Officers (DPOs) have been designated across the various Industry Groups, each responsible for overseeing data protection practices within their respective domains. They are supported by a Data Governance Steering Committee that provides strategic oversight and guidance on data governance and personal data protection matters. External professionals have also been engaged to conduct comprehensive analyses, which have helped identify areas of improvement in the Group's data protection framework leading to enhancements in processes, technical including security controls, and organisational measures. Regular compliance reports are submitted by the DPOs to the President/Sector Head and the Data Governance Steering Committee, while the Audit Committee receives updates on compliance, emerging issues and continuous improvements. No substantiated complaints concerning breaches of customer privacy or loss of customer data have been reported by the businesses through the complaints recording mechanism, as reflected in the Group's operational compliance report. The Group remains committed to strengthening the reporting process to enhance overall governance and establish robust oversight. In parallel, the Group actively monitors regulatory developments and engages with the Data Protection Authority (DPA) to ensure adherence to evolving the evolving regulatory requirements.

The risk review programme covering the internal audit of the whole Group is outsourced. Reports arising out of such audits are, in the first instance, considered and discussed at the business/ functional unit levels and, after review by the Sector Head and the President of the industry group, are forwarded to the relevant Audit Committee on a regular basis. Further, the Audit Committees also assess the effectiveness of the risk review process and systems of internal control on a regular basis.

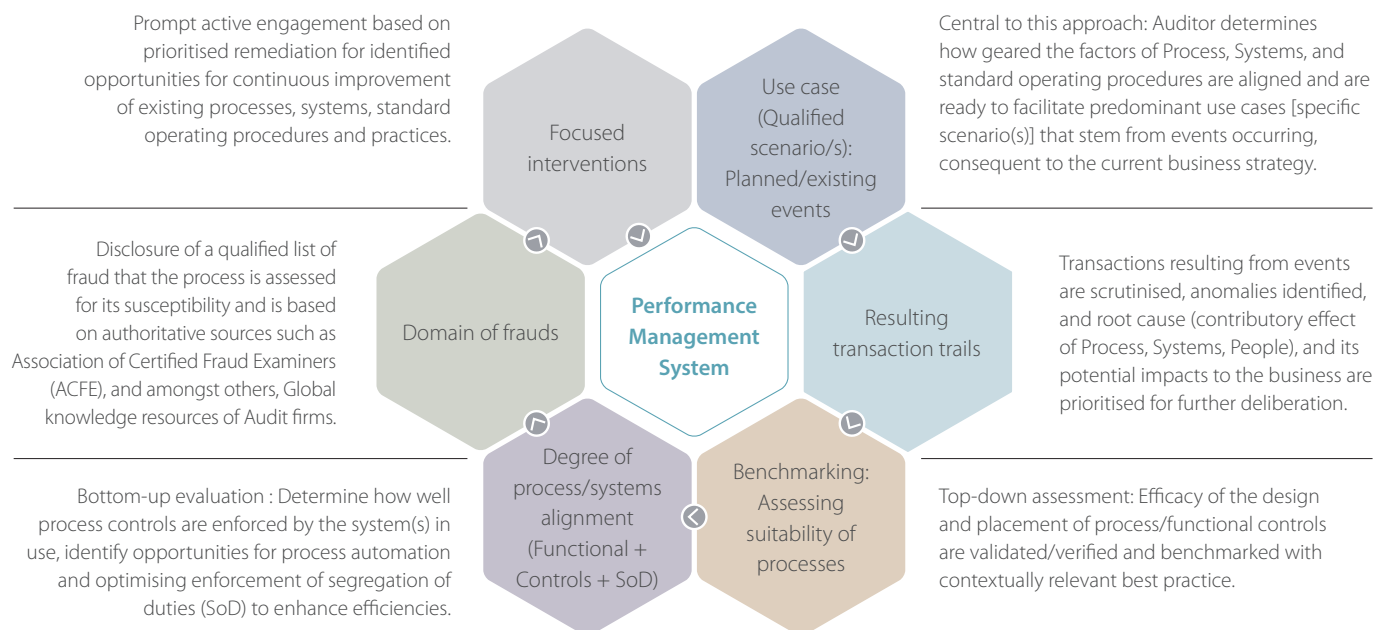
5.6.3 Segregation of Duties (SoD) under Sarbanes-Oxley (SOX)

The Group is very much aware of the need to ensure that no individual has excessive system access to execute transactions across entire or several business processes which have critical approval linkages, in the context that increasing use of information technology and integrated financial controls creates unintended exposures within the Group. SoD dictates that problems such as fraud, material misstatements and manipulation of financial statements have the potential to arise when the same individual is able to execute two or more conflicting, sensitive transactions. Separating disparate jobs into task-oriented roles can often result in inefficiencies and costs which do not meet the cost versus benefit criteria. Whilst the attainment of a zero SoD conflict state is utopian, the Group continues to take steps to identify and evaluate existing conflicts through the maintenance and monitoring of a SoD matrix with defined parameters for identifying, approving and reporting on conflicting roles and how they are dealt with. The residual risks and then reduced to an acceptable level under a cost versus benefit rationale. No material conflicts were reported during the year.

5.6.4 Internal Audit

The ensuing diagram provides a helicopter view of the internal audit approach that has been rolled-out within the Group. Central to this approach is the business strategy and how the current processes, systems, and people, are geared to efficiently and effectively handle the deliverables of the current business strategy at the time of review. The outer elements reflect the reporting elements which are noted in audit reports, either as observations and/or value-added recommendations.

The new internal audit approach: Continuous emphasis on context



Whilst there are merits and demerits associated with outsourcing an internal audit, the Group is of the view that having an external based auditor is more advantageous. However, there are certain industries where the domain is very operationally specific and requires an internal auditor in addition to the External Auditor.

5.6.4.1 Forensic data analytics to identify anomalies and facilitate behavioural oversight

Traditionally, internal auditing followed an approach which was based on a cyclical process that involves manually identifying control objectives, assessing and testing controls, performing tests, and sampling only a relatively small population of the dataset to measure control effectiveness and operational performance. Today, the Group operates in a complex and dynamic business environment where the number of transactions has increased exponentially over the years and traditional cyclical/sample based internal auditing techniques are becoming less effective. As such, the Group continues to use big data analysis techniques on the total data using standard deviations, z-scores and other statistical measures in establishing real-time, user-friendly outlier identification and early warning triggers.

Forensic Data Analytics

The Group uses forensic data analytics to facilitate action towards investigating transactions that are distinct within its population, based on well-established algorithms that prompt attention to strengthen process and systems controls in ensuring the integrity of such transactions within its contextual domain.

A key success factor of this oversight mechanism is the use of advanced machine learning algorithms, that are continuously sensitised to each business's operating circumstances that trigger such transactions, and to remain relevant and insightful, by increasing its utility and providing optimisation opportunities for continuous controls monitoring (CCM) and active intervention.

As part of the Group's commitment to strengthening financial governance and risk oversight, a Forensic Data Analytics platform for automated Transaction Outlier Detection is deployed to monitor data sets related to amongst others, accounts payable, accounts receivable, general ledger, and other financial transactions. This system detects anomalies and routes alerts to Management for timely review and response, functioning as a strong oversight mechanism that helps deter fraud and reinforce the control environment.

“The Group uses forensic data analytics to facilitate action towards investigating transactions that are distinct within its population, based on well-established algorithms that prompt attention to strengthen process and systems controls in ensuring the integrity of such transactions within its contextual domain.”

CORPORATE GOVERNANCE COMMENTARY

5.7 Ombudsperson

An Ombudsperson is available to report any complaints from employees of alleged violations of the published Code of Conduct, if the complainant feels that the alleged violation has not been addressed satisfactorily by the internally available mechanisms.

The findings and the recommendations of the Ombudsperson, subsequent to an independent inquiry, are confidentially communicated to the Chairperson-CEO or to the Senior Independent Director upon which the involvement duty of the Ombudsperson ceases.

On matters referred to him by the Ombudsperson, the Chairperson-CEO or the Senior Independent Director, as the case may be, will place before the Board:

- i. the decision and the recommendations.
- ii. action taken based on the recommendations.
- iii. where the Chairperson-CEO or the Senior Independent Director disagrees with any or all of the findings and or the recommendations thereon, the areas of disagreement and the reasons, thereof.

In situation (iii), the Board is required to consider the areas of disagreement and determine the way forward. The Chairperson-CEO or the Senior Independent Director is expected to take such steps as are necessary to ensure that the complainant is not victimised, in any manner, for having invoked this process.

The current Ombudsperson is an attorney-of-law by profession. Typically, the appointment of the Ombudsperson is for a fixed term between three to five years, which may be renewed at the option of the Board.

Mandate and Role

For purposes of easy reference, the Ombudsperson's mandate and role is set out below:

- (a) legal and ethical violations of the Code of Conduct for employees, but in an appellate capacity, when a satisfactory outcome using existing procedures and processes has not resulted or when the matter has been inadequately dealt with;
- (b) violations referred to above by individuals at the Executive Vice President, President and Executive Director levels, including that of the Chairperson-CEO, in which case the complainant has the option of either complaining to the Ombudsperson in the first instance, or first exhausting the internal remedies;
- (c) sexual harassment, in which event the complainant has the option of either complaining to the Ombudsperson in the first instance or first exhausting the internal remedies.

The mandate excludes disciplinary issues from the Ombudsperson's responsibilities. The right to take disciplinary action is vested exclusively in the Chairperson-CEO and those to whom this authority has been delegated.

No issues were raised by any member of the companies covered during the year under review.

Ombudsperson
31 March 2025

“The Group will continue to stay abreast of governance best practice and assess its level of preparedness and its capability in meeting and managing evolving internal and external challenges.”

5.8 External Audit

Ernst & Young are the External Auditors of the Company as well as many of the Group companies. The individual Group companies also employed KPMG, Deloitte Partners, and Luthra and Luthra, India as External Auditors. The appointment/re-appointment of these auditors was recommended by the individual Audit Committees to their respective Boards of Directors.

The Audit Committee, comprising majority of Independent Non-Executive Directors of JKH, annually review the appointment of External Auditors and recommend the appointment of auditors for shareholder approval at the Annual General Meeting. The Committee has recommended retaining Ernst & Young as the Group lead consolidating auditor given the various complexities of the Group and related nuances. The Auditors maintain independence through routine rotation of partners.

The audit fees paid by the Company and Group to its auditors are separately classified in the Notes to the Financial Statements of the Annual Report.

6 GOVERNANCE OUTLOOK AND EMERGING CHALLENGES

The need for maintaining a robust and well-grounded corporate governance framework is vital when operating in a dynamic and challenging socio-economic environment, exacerbated by global volatility. A strong governance mechanism is pivotal in enhancing accountability to diverse stakeholders, ensuring corporate transparency, fair-mindedness and creating sustainable value. In this light, the Group will continue to stay abreast of governance best practice and assess its level of preparedness and its capability in meeting and managing evolving internal and external challenges.

The pursuit of continuous improvement in governance, emphasis on environmental and social considerations, and a call for increased accountability and transparency continue to influence and shape the role of Board governance aspects. It not only mitigates risks but also fosters trust, attracts investment, and drives sustainable growth. The primary areas of focus and challenges, amongst many others, being continuously addressed by JKH are detailed in the ensuing section.

6.1 Board Diversity

JKH values Board diversity and strives to attract skilled Directors who align with its vision and values, while understanding the complexities of its diverse business interests. The Group believes diversity enhances stakeholder insights and responsiveness. Efforts are focused on recruiting qualified individuals from various demographics, experiences, and backgrounds, all within a strong culture of meritocracy.

6.2 Board Independence

Board independence holds significant value for stakeholders, stock exchanges, and regulatory bodies globally and has been a cornerstone of JKH's values and success. JKH emphasises the need for effective structures and nomination processes to foster independent decision-making and minimise conflicts of interest.

While criteria for defining Board independence vary across countries, evidence suggests that a combination of checks and balances, such as assurance mechanisms, comprehensive evaluations, and Independent Director-led engagements, can enhance governance without compromising corporate operations. JKH remains committed to strengthening Board independence while aligning with its diversified conglomerate operating model.

6.3 Anti-Fraud, Anti-Corruption and Anti-Bribery

The Group prioritises ethical practices across all operations and enforces a strict zero-tolerance policy against bribery and corruption. It fosters a culture of transparency and honesty in interactions with both internal and external stakeholders. Through its Code of Conduct and policies on anti-fraud, anti-corruption, anti-money laundering, counter-terrorist financing, and transparency, the Group is dedicated to preventing, managing, and reporting unethical practices. All forms of fraud and corruption, including, but not limited to, theft, embezzlement, overriding controls, giving or receiving kickbacks, facilitation payments, bribery, allowing oneself to be placed in situations of conflict of interest and dishonesty in financial and non-financial statements is prohibited across the Group. Additionally, the Group continuously enhances its monitoring and resolution processes for Code of Conduct deviations. Its commitment to transparency is reflected in being ranked first for the fourth consecutive year in the 2023 TRAC Assessment by TISL, achieving a full score for disclosure practices. For the period under review, an assessment was not conducted by TISL, and the most recent ranking remains in effect until a new assessment is carried out.

6.4 Increasing Emphasis on ESG Aspects

ESG-focused investing is gaining momentum globally as governments, funding agencies, and investors seek to minimise irresponsible corporate practices that harm the environment, infringe on human rights, and encourage corruption. Effective ESG policies are vital for attracting talent, retaining employee loyalty, and ensuring sustainable growth.

JKH believes that prioritising ESG fosters a comprehensive analysis of performance, enabling a sustainable business model that benefits all stakeholders. Efforts include managing natural resources, reducing environmental impact, enhancing stakeholder well-being, and ensuring robust governance. ESG metrics are regularly reviewed during decision-making to stay ahead of developments and integrate ESG elements into strategy, operations, and reporting.

In collaboration with an international consultancy firm, JKH conducted detailed studies across industries to identify material ESG topics, benchmark performance against industry leaders, and engage stakeholders for insights. This resulted in the identification of key ESG priorities for each sector.

Following the release of IFRS S1 and S2 standards by International Sustainability Standards Board (ISSB) and their localisation to SLFRS S1 and S2 by CA Sri Lanka, JKH is preparing for implementation of the standards. A consultant-led gap analysis will guide integration, supported by dedicated teams at sector and Group levels.

6.5 Continual Strengthening of Internal Controls

Augmenting transactional and financial internal controls with operational aspects, in line with international best practice, remains a medium-term priority for the Group. Continuous strengthening of internal controls through a structured process that optimises and facilitates process audit information, lifecycle management and related processes are expected to:

- eliminate inefficiencies inherent in manual processes.
- provide a platform based on process enforcement.
- enable management follow-up based on centrally held data in a compliance repository.
- identify trends, action taken, effectiveness and opportunities for process improvement by analysing movement of the compliance posture.
- strengthen the Group's ability to prevent and detect fraud.
- leverage data analytics and technology to raise alerts.

Refer Section 5.6.2 of this Commentary for initiatives during the year aimed at strengthening internal controls - page 269 and Section 4.4 for initiatives on IT Governance – page 258.

6.6 Digital Oversight and Cyber Security

Whilst the rapidly advancing nature of technology and the continual integration of the Group's operations with technological progress has enhanced and streamlined processes and controls across the Group and opened up opportunities, it has resulted in increased vulnerability for the Group from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Group's soft and hard infrastructure is designed in a manner, and adequate, to deal with and prevent potential breaches. Data protection and cyber security are regularly addressed during the Risk Management and Audit Committee meetings and periodically discussed at a Board level.

6.7 Data Protection, Information Management and Adoption

The presence of continuously evolving IT infrastructure and platforms to meet requirements of day-to-day business, continues to augur well for the Group. Given the emergence of regulations such as the European Union General Data Protection Regulation (GDPR) and the Sri Lankan Personal Data Protection Act No. 9 of 2022, data security, integrity and information management has become pivotal. In addition to this, the Group's initiatives on advanced data analytics also necessitate an established governance framework to manage the flow of data. To this end, the Group will continue to strengthen its data governance structure to ensure ownership and accountability of clearly articulated data governance policies and processes and Group-wide data quality standards.

CORPORATE GOVERNANCE COMMENTARY

6.8 Greater Employee Involvement in Governance

Whilst all necessary compliance and assurance frameworks are believed to be in place, JKH recognises the pivotal role played by employees in reinforcing an effective governance system across the Group. JKH will continue to encourage greater employee participation through:

- ongoing training and refreshers on the Code of Conduct and related governance policies, including non-discrimination, anti-corruption and anti-bribery.
- a further strengthened performance management process, which envisages continuous feedback and greater engagement via employee information systems.
- engagement and empowerment via greater delegation of authority.
- increased communication and collaboration.
- adoption of differentiated means of communication based on the demographical dynamics of employee segments.

6.9 Need for Increased Transparency

Ensuring transparency is a continually evolving journey given progressing regulations, advancements in global best practice and complex stakeholder needs. Staying abreast of internally accepted best practice and continuously challenging the status quo is vital in this journey of being transparent. Additionally, transparency and accountability in reporting foster a foundation of trust with stakeholders which improves the credibility of the organisation, whilst also strengthening an organisation's legitimacy and reputation. Openly reporting on activities and challenges builds public trust and demonstrates a commitment to ethical practices. In today's information age, such aspects will aid organisations in differentiating themselves from a stakeholder's point of view, including attracting investment so long as the information is relevant to the stakeholder and does not create information overload where the material information may lose the perspective and attention it warrants.

In an organisation's journey towards transparency, the Government and regulatory bodies also need to play a pivotal role in ensuring the required foundations and criteria for good governance are advocated and put in place. Hence, it is vital for the regulatory frameworks of the country to evolve as corporates cannot operate in isolation within the ecosystem. For instance, Transparency International, including its local counterpart, advocates for the disclosure of Ultimate Beneficial Owners (UBO) of corporates. However, collating information on ultimate beneficial owners of entities is not possible as a listed entity cannot compile this information in isolation since the country's regulations do not require this to be disclosed when purchasing shares in the CSE.

7 COMPLIANCE SUMMARY

The Board, through its operating structures, strived to ensure that the Company and all its subsidiaries and associates complied with the laws and regulations of the countries they operated in. Accordingly, the Group complied with all Applicable Laws and regulations of the countries it operates in, including anti-corruption and anti-bribery laws.

The Board of Directors also took all reasonable steps in ensuring that all financial statements were prepared in accordance with the Companies Act No 7 of 2007, the Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Sri Lanka Sustainability Disclosure Standards and the requirements of the CSE and other applicable authorities. Information contained in the financial statements of the Annual Report is supplemented by a detailed Management Discussion and Analysis which explains to shareholders the strategic, operational, investment, sustainability and risk related aspects of the Company, and the means by which value is created and how it is translated into the reported financial performance and is likely to influence future results.

7.1 Statement of Compliance pertaining to the Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Compliance Status	Reference (within the JKH Annual Report)
168 (1) (a) The nature of the business of the Company or classes of business in which it has an interest together with any change thereto	Yes	Group Directory
168 (1) (b) Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c) Auditors' Report on financial statements	Yes	Independent Auditors' Report
168 (1) (d) Accounting policies and any changes thereto	Yes	Notes to the Financial Statements
168 (1) (e) Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f) Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g) Total corporate donations made by the Company	Yes	Notes to the Financial Statements

Rule		Compliance Status	Reference (within the JKH Annual Report)
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Group Directory
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries (other than as auditor)	Yes	Report of the Audit Committee/Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements/ Annual Report of the Board of Directors
168 (2)	Information specified in paragraphs (b) to (j) of subsection (1) in relation to Subsidiaries	Yes	Financial Statements/ Annual Report of the Board of Directors

7.2 Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule		Compliance Status	Reference (within the Corporate Governance Commentary or the JKH Annual Report 2024/25)
(i)	Names of persons who were Directors of the Company	Yes	Corporate Governance Commentary – Section 3.1
(ii)	Principal activities of the Company and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR and the percentage of such shares held	Yes	Share Information
(iv)	a) The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Companies complies with the Minimum Public Holding requirement in respect of voting ordinary shares	Yes	
	The public holding percentage in respect of non- voting Shares (where applicable)	Not Applicable	
	b) The public holding percentage in respect of Foreign Currency denominated Shares	Not Applicable	
(v)	A statement of each Director's holding and CEO's holding in shares of the Company at the beginning and end of each financial year	Yes	Corporate Governance Commentary – Section 3.1.13.1
(vi)	Information pertaining to material foreseeable risk factors of the Company	Yes	Key Risks
(vii)	Details of material issues pertaining to employees and industrial relations of the Company	Yes	Stakeholder Engagement and Determining Materiality sections
(viii)	Extents, locations, valuations and the number of buildings of the Company's land holdings and investment properties	Yes	Group Real Estate Portfolio
(ix)	Number of shares representing the Company's stated capital	Yes	Share Information
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	
(xi)	Ratios and market price information	Yes	
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value	Yes	Notes to the Financial Statements

CORPORATE GOVERNANCE COMMENTARY

Rule	Compliance Status	Reference (within the Corporate Governance Commentary or the JKH Annual Report 2024/25)
(xiii) Details of funds raised through a public issue or further issue of securities, the manner in which the funds of such issue have been utilised, details of the number of securities, class and consideration received and the reason for the issue and any material change in the use of funds	Yes	Share Information
(xiv) Information in respect of Employee Share Ownership or Share Purchase Schemes	Yes	
(xv) Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Yes	Corporate Governance Commentary – Section 7/
(xvi) Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Company as per audited financial statements, whichever is lower, with requisite details	Yes	Note 44 of the Notes to the Financial Statements
(xvii) to (xxi) Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE	Not Applicable	-

7.3 Statement of Compliance under Section 9 of the Listing Rules of the CSE on Corporate Governance

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule	Compliance Status	JKH Action / Reference (within the Report)
9.1 Corporate Governance Rules		
9.1.3 A statement confirming compliance with Corporate Governance Rules	Yes	Chairperson's message
9.2 Policies		
9.2.1 Specified set of policies to be maintained together with the details relating to the implementation of such policies mentioned of website		
9.2.2 Disclosure of any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by Company		Corporate Governance Commentary – Section 5.3
9.2.3 (i) List of policies to be disclosed along with any changes made to policies		
9.2.4 Policies to be made available on written request to shareholders		
9.3 Board Committees		
9.3.1 Maintenance of minimum required Board Committees	Yes	
9.3.2 Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Yes	Corporate Governance Commentary – Section 3.2
9.3.3 Chairperson of the Board to not serve as the Chairperson of the Board Committees referred in 9.3.1	Yes	
9.4 Meeting procedures and the conduct of all General Meetings with shareholders		
9.4.1 Maintenance of records relating to all resolutions considered at any General Meeting including requisite information. Making available copies of the same on request to the CSE and/or SEC	Yes	Corporate Governance Commentary – Section 4.6.1
9.4.2 a-d Communication and relations with shareholders and investors	Yes	Corporate Governance Commentary – Section 4.6

CSE Rule		Compliance Status	JKH Action / Reference (within the Report)
9.5 Policy on matters relating to the Board of Directors			
9.5.1 a	Balanced representation between EDs and NEDs, covering Board composition, roles of the Chairperson and CEO, Board balance, and procedures for evaluating Board and CEO performance	Yes	Corporate Governance Commentary – Section 3
9.5.1 b	Rationale for combining the roles of Chairperson and CEO, terms of reference of SID, and measures implemented to protect the interests of the SID in the event the Chairperson and CEO roles are combined		Corporate Governance Commentary – Section 3.3 and 5.2
9.5.1 c	Require diversity in Board composition for Board effectiveness	Yes	Corporate Governance Commentary – Section 3.1.4
9.5.1 d	The rationale and the maximum number of Directors		Corporate Governance Commentary – Section 3.1.3
9.5.1 e	Frequency of Board meetings	Yes	Corporate Governance Commentary – Section 3.1.9
9.5.1 f	Establish mechanisms to keep Directors informed of Listing Rules and the Company's status of compliance/non-compliance	Yes	Corporate Governance Commentary – Section 3.1.7
9.5.1 g	Minimum number of meetings (number and percentage) that a Director must attend	Yes	Corporate Governance Commentary – Section 3.1.9
9.5.1 h	Requirements relating to trading in securities of the Company and its listed group companies, including disclosure obligations		Corporate Governance Commentary – Section 3.1.13.1
9.5.1 i	Maximum number of directorships that may be held by Directors in listed companies	Yes	
9.5.1 j	Permit participation in Board and Committee meetings through audiovisual means, with such participation counting toward the quorum		Corporate Governance Commentary – Section 3.1.9
9.5.2	Confirmation of compliance with policy in the annual report, with reasons for non-compliance and proposed remedial action		Corporate Governance Commentary – Section 5.3
9.6 Chairperson and CEO			
9.6.1	Requirement for a SID if the positions of Chairperson and CEO are held by the same individual	Yes	
9.6.2	Market announcement on the Chairperson being an Executive Director and/or combination of the Chairperson-CEO Roles including the rationale	Yes	Corporate Governance Commentary – Section 5.2
9.6.3 a-d	Requirement for a SID	Yes	
9.6.3 e	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties	Yes	
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	Yes	
9.7 Fitness of Directors and CEO			
9.7.1	Company to take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons in terms of the rules		
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as Director		Corporate Governance Commentary – Section 3.2.3
9.7.3	Assessment Criteria: Honesty, Integrity and Reputation, Competence and Capability and Financial Soundness		

CORPORATE GOVERNANCE COMMENTARY

CSE Rule		Compliance Status	JKH Action / Reference (within the Report)
9.7.4	Annually obtain declarations from Directors and the CEO confirming compliance with fit and proper assessment criteria		Corporate Governance Commentary – Section 3.1.13.1
9.7.5	Disclosures in the Annual Report		Corporate Governance Commentary – Section 3.2.3.1
9.8 Board Composition			
9.8.1	Minimum number of Directors on the Board	Yes	
9.8.2	At least 2 members or 1/3 of the Board, whichever is higher to be independent.	Yes	Corporate Governance Commentary – Section 3.1.3
9.8.3 (i) to (ix)	Criteria for determining independence	Yes	Corporate Governance Commentary – Section 3.1.13
9.8.5 a-c	The Board to ensure that IDs annually submit declarations on independence/non-independence. Board to make an annual determination on the independence or otherwise of IDs and name the Directors who are determined to be independent. Market announcement if ID independence has been impaired	Yes	Corporate Governance Commentary – Section 3.1.13.1
9.9 Alternate Directors			
a-e	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association	Yes	No Alternate Directors were appointed during the financial year. Additionally, an EGM was held during the year and Articles of Association was amended to incorporate changes required as per the Rules
9.10 Disclosures relating to Directors			
9.10.1	Disclose policy on the maximum number of directorships Board members are permitted to hold		Corporate Governance Commentary – Section 3.1.13.1
9.10.2 / 9.10.3	Market announcement upon the appointment of a new Director and any changes to the Board and Board Committee composition, including necessary details	Yes	Corporate Governance Commentary – Section 1.3
9.10.4a-i	Disclosure of details relating to the Board members	Yes	Board Profiles
9.11 Nominations and Governance Committee (NGC)			
9.11.1	Establishment of a NGC	Yes	
9.11.2	Formal procedure for the appointment and re-election of Directors	Yes	
9.11.3	NGC to have a written Terms of Reference	Yes	
9.11.4 (1) a-b	The Composition of NGC	Yes	Corporate Governance Commentary – Section 3.2.3
9.11.4 (2)	Chairperson of NGC to be an ID	Yes	
9.11.4 (3)	Disclosure of names of the NGC Chairperson and members	Yes	
9.11.5 (i) – (x)	Functions of NGC	Yes	Corporate Governance Commentary – Section 3.2.2
9.11.6 a-m	NGC Report with requisite information to be disclosed in Annual Report	Yes	Corporate Governance Commentary – Section 3.2.3
9.12 Remuneration Committee (RC)			
9.12.2	Establishment of a RC		
9.12.3	RC to establish and maintain a formal and transparent procedure for developing policy on EDs and individual Director's remuneration, ensuring that no Director is involved in fixing their own remuneration	Yes	Corporate Governance Commentary – Section 3.2.2

CSE Rule		Compliance Status	JKH Action / Reference (within the Report)
9.12.4	Remuneration for NEDs shall be based on a policy of non-discriminatory pay practices to ensure their independence	Yes	Corporate Governance Commentary – Section 3.1.14
9.12.5	The RC to have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Yes	
9.12.6 (1)	Composition of RC	Yes	
9.12.6 (2)	Chairperson of RC to be an ID	Yes	Corporate Governance Commentary – Section 3.2.2
9.12.7	Functions of the RC	Yes	
9.12.8 a	Disclosure of names of Chairperson and members of RC	Yes	
9.12.8 b	Disclosure of statement of Remuneration policy	Yes	
9.12.8 c	Aggregate remuneration paid to EDs and NEDs	Yes	
9.13 Audit Committee			
9.13.1	Audit Committee (AC) to handle Risk functions where Company does not have separate Committees for Audit and Risk	Yes	
9.13.2	AC to have written Terms of Reference	Yes	
9.13.3 (1) a-b	Composition of AC	Yes	
9.13.3 (2)	The quorum for AC Meeting shall require a majority of those in attendance to be IDs		
9.13.3 (3)	AC to meet as often as required, provided it meets compulsorily on a quarterly basis, at minimum, prior to recommending the release of financials	Yes	Corporate Governance Commentary – Section 3.2.1
9.13.3 (4)/(6)	ID who is a member of a recognised professional accounting body to be appointed as Chairperson of the AC	Yes	
9.13.3 (5)	CEO and the Chief Financial Officer (CFO) to attend the Audit Committee meetings by invitation.	Yes	
9.13.4	Functions of AC		
9.13.5 (1)	Report of the AC	Yes	
9.13.5 (2) a-i	Disclosures to be included in the AC report		
9.14 Related Party Transactions Review Committee			
9.14.1	Establishment of a Related Party Transactions Review Committee (RPTRC)	Yes	
9.14.2 (1)	Composition of RPTRC	Yes	
9.14.3	Functions of the RPTRC	Yes	
9.14.4 (1) – (4)	General Requirements including requirement for RPTRC to meet at least once a quarter, access to all aspects of Related Party Transactions (RPTs), RPTRC to request Board to approve RPTs reviewed by it and requirements relating to Director's material personal interest in a matter being considered at a Board Meeting in relation to a RPT	Yes	Corporate Governance Commentary – Section 3.2.4
9.14.5	Review of RPTs by the RPTRC	Yes	

CORPORATE GOVERNANCE COMMENTARY

CSE Rule		Compliance Status	JKH Action / Reference (within the Report)
9.14.6	Shareholder approval for RPTs	Yes	Corporate Governance Commentary – Section 4.6.1.5 During the year under review there was no requirements for Shareholder approval
9.14.7	Immediate disclosures	Yes	Corporate Governance Commentary – Section 3.2.4
9.14.8	Details and disclosures pertaining to Non-Recurrent RPTs in the Annual Report	Yes	Notes to the Financial Statements
9.14.8	Details and disclosures pertaining to Recurrent RPTs in the Annual Report	Yes	
9.14.8	Report of the RPTRC	Yes	Corporate Governance Commentary – Section 3.2.4
9.14.8	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPTs, or a negative statement otherwise	Yes	Annual Report of the Board of Directors
9.14.9	Shareholder approval for acquisition and disposal of substantial assets	Yes	Corporate Governance Commentary – Section 4.6.1.5 During the year under review there was no requirements for Shareholder approval
9.14.9	RPTRC to obtain competent independent advice on acquisition and disposal of substantial asset	Yes	There were no acquisition and disposal of substantial assets during the year 2024/25
9.17 Additional Disclosures			
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved		Corporate Governance Commentary – Section 3.1.13
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Yes	Corporate Governance Commentary – Section 5.5
(iii)	Arrangements made for Directors to be made aware of laws, rules and regulations and any changes thereto particularly to Listing Rules and applicable capital market provisions	Yes	Corporate Governance Commentary – Section 3.1.7
(iv)	Disclosure of material non-compliance with laws/regulations and fines by relevant authorities where the Company operates	Yes	There were no significant instances of non-compliance with laws and regulations during the reporting period. The total number of fines for instances of non compliance with laws and regulations that were paid during the reporting period was one hundred and one instances, which added to a total monetary value of Rs.2.3 million mainly from the Supermarket business

7.4 Code of Best Practice of Corporate Governance 2023 Issued by CA Sri Lanka

VOLUNTARY PROVISIONS

The Company is compliant with almost the full 2023 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency and as required by the Group.

Directors

- The Company is led by an effective Board that possess the skills, experience and financial acumen enabling independent judgement on a variety of subjects.
- Regular meetings of the Board are held and at the minimum once a quarter, with access to information, the advice of Company Secretary and independent professional advice, as required.
- The Board (collectively) and Directors (individually) are aware of their obligation to act in accordance with the laws of the Country. The combined role of Chairperson and CEO is justified given the nature of the Group with an annual performance appraisal in place.
- Board balance is maintained in line with the Code, supported by a majority of Independent Directors and the appointment of a Senior Independent Director, given the combined role of Chairperson and CEO.
- Whilst there is a transparent procedure for Board Appointments under the oversight of the Nominations and Governance Committee, election and re-election, subject to shareholder approval, takes place at regular intervals.
- Specified information regarding Directors, such as annual appraisal of the Board and the CEO is shared in the Corporate Governance Commentary.

Directors' Remuneration

- The Human Resource and Compensation Committee, consisting of exclusively NEDs is responsible for determining the remuneration of Chairperson-CEO and EDs.
- ED compensation includes performance related elements in the pay structure.
- Compensation commitments in the event of early termination, determination of NED remuneration by the Board as a whole, remuneration policy and aggregate remuneration paid is disclosed under the Director Remuneration section and is in line with the Code.

Relations with Shareholders

- There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
- The Group has in place multiple channels to reach shareholders as discussed under the Stakeholder Management and Effective Communication section.
- Disclosure of material transactions and requisite shareholder approvals for major transactions.

Accountability and Audit

- Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the Company carried out all business in accordance with regulations and Applicable Laws, equitably and fairly.
- The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statements.
- There is an annual review of the effectiveness of the Group's risk management and internal controls which ensures the maintenance of a sound system of internal control which is reported on under the Internal Controls section.
- The internal audit function and the Audit Committee, functions as stipulated by the Code, and are discussed under the Audit Committee section.
- A Related Party Transactions Review Committee is in place and functions in line with the Code.
- There were no violations of the Group Code of Conduct, the Code of Business Conduct and Ethics during the year, which is mentioned under the Chairperson's Message section.
- All Corporate Governance disclosures under the CSE rules have been complied with.

Institutional Investors

- The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General Meetings as convened on a needs basis.

Other Investors

- Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.

Sustainability

- ESG is a pivotal consideration in the Group's decision making. In reporting performance, the Annual Report covers ESG disclosures through the <IR> framework, GRI standards and operations in conformity with the Principles of the United Nations Global Compact and contribute to United Nations Sustainable Development Goals.
- The Company has established a governance framework and structure which includes conformance, performance and sustainability/ESG factors in line with the Code.

Internet and Cybersecurity

- The Board has prioritised cybersecurity by appointing a dedicated member responsible for overseeing it within the Group. The Company has implemented a Group policy, conduct periodic reviews to ensure its effectiveness, discuss cybersecurity risks at the Board level, and disclose the management of risks in the Annual Report. Furthermore, measures have been taken to secure connectivity for both internal and external devices.

Special Considerations for Listed Entities

- The Company maintains policies relating to its governance and matters relating to Board of Directors in line with the Listing Rules of the CSE and the Code.



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