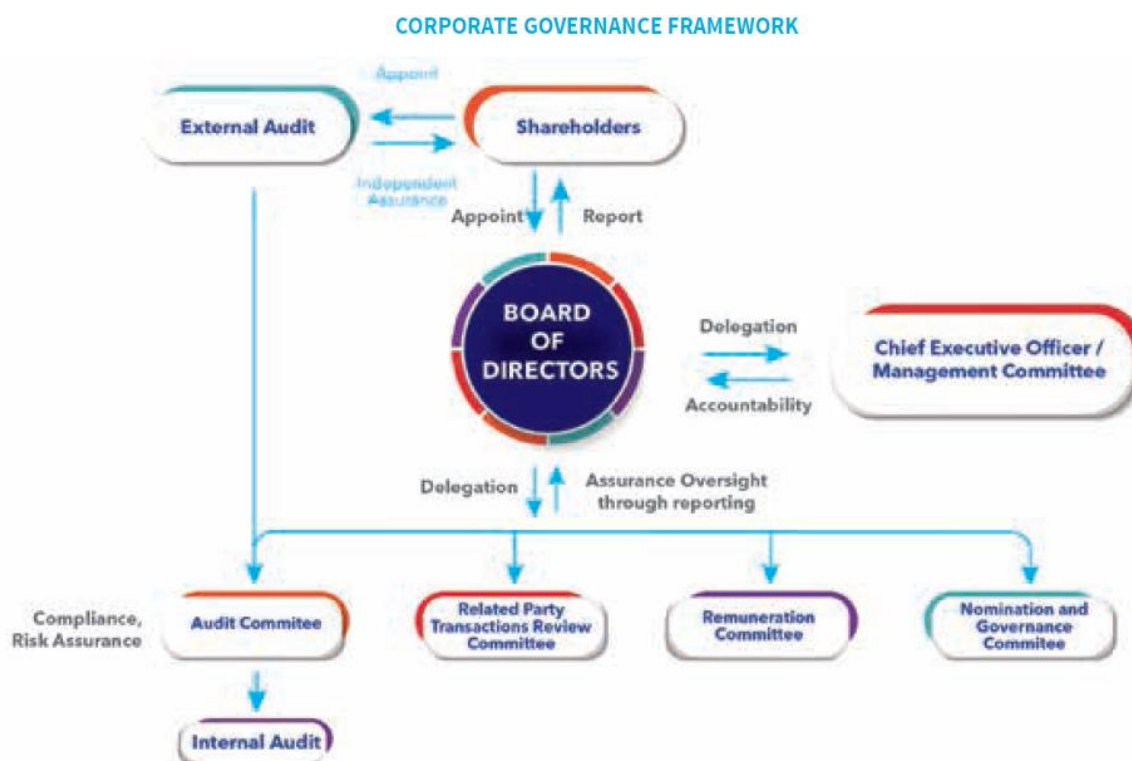


## CORPORATE GOVERNANCE

Lanka Ashok Leyland PLC is committed to maintain the highest standards of corporate governance and this statement describes the principles and practices followed by the Company in this regard.

This statement also describes how Lanka Ashok Leyland PLC has applied the principles set out in the Corporate Governance Best Practice Guidelines jointly issued by the Institute of Chartered Accountants of Sri Lanka, and the Securities and Exchange Commission of Sri Lanka (SEC), and the Listing rules (Section 7.6 and Section 9) issued by Colombo Stock Exchange (CSE).



### 1. BOARD OF DIRECTORS

#### 1.1 Board Oversight, Functions and Responsibilities

The Board of Directors of Lanka Ashok Leyland PLC is collectively responsible for the long term success of the Company. Its role is essentially threefold - to provide leadership and set strategic direction, to oversee management and ensure highest level of ethical and legal standards and to ensure that the Company provides its stakeholders with a balanced and understandable assessment of the Company's current position and prospects.

The Board has delegated responsibilities to the Chief Executive Officer and to the team of Management of the Company. The main areas where decisions remain with the Board include approval of the annual strategy statement, the Financial Statements, annual budgets, acquisitions and dividends. The Board is also responsible for setting and monitoring the Company's risk management policy.

On a broader level the Board has delegated some of its responsibilities to its Committees. The Board reviews periodic updates presented by the Chairman of each of these Committees at the Board meetings.

**The Board's key responsibilities include:**

- Providing direction and guidance to the Company in the formulation of sustainable, high-level, medium, and long-term strategies which are aimed at promoting the long-term success of the Company.
- Reviewing and approving annual plans and long-term business plans.
- Tracking actual progress against plans.
- Ensuring operations are carried within the scope of the Enterprise Risk Management framework.
- 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.
- Ensuring all related party transactions are compliant with statutory obligations.
- Ensuring that the Company'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.

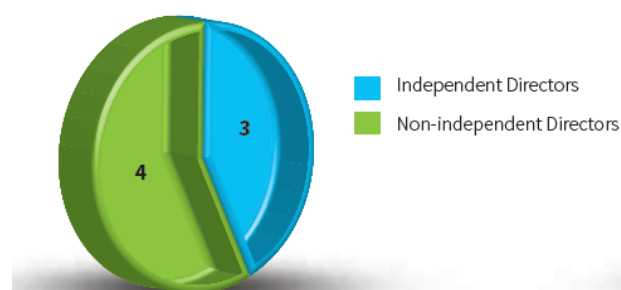
## 1.2 Board Composition

The Board currently consists of seven Directors including the Chairman. All the Directors are Non-Executive Directors and three of them are Independent Directors. The composition of the Board and brief profile of the Directors highlighting the range of expertise they bring to the Board are set out on Annexure 01. The directors shall not be less than two nor more than ten in numbers.

The current members of the Board of the Company are as follows;

Name of the Director	Category			
	Executive	Non - Executive	Independent	Non - Independent
Mr. A A M Amarasinghe (Chairman)	-	✓	-	✓
Mr. Gopal Mahadevan	-	✓	-	✓
Mr. Amandeep Singh Arora	-	✓	-	✓
Mr. D S Weerakkody	-	✓	✓	-
Mr. H M U K Samararatne	-	✓	✓	-
Mr. M K L Jayawardena	-	✓	-	✓
Mr. Rajive Saharia	-	✓	✓	-

### Independent / Non-independent Directorships



### Executive / Non-executive Directorships



## 1.3 Board Skills

The Company is conscious of the need to maintain an appropriate mix of skills and experience in the Board through an annual review of its composition in order to ensure Board balance, diversity and appropriate levels of relevant skills and expertise aligned with the current and future needs of the Company.

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

The Company obtained annual declarations from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. Therefore, no Director was identified as a person who has failed to fulfil the required assessment criteria during the year under review.

There is no maximum number of directorships in listed entities that may be held by directors.

## 1.4 Board Access to Independent Professional Advice

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

## 1.5 Board Appointments and Resignations

Board appointments follow a structured and formal process within the purview of the Nominations 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 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 Colombo Stock Exchange 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'.

Details of such appointments are also carried in the relevant Interim Releases, the Annual Reports.

The appointment of all Directors complies with applicable laws and rules, including the qualifying and fit-and-proper criteria stipulated by the Listing Rules and Companies Act. Further, each Director annually signs a declaration which determines their independence based on such declaration and other information available to the Board. Directors are required to report any substantial change in their professional responsibilities and business associations to the Nominations Committee, which will examine the facts and circumstances and make recommendations to the Board accordingly.

The resignations of directors need to be informed in writing by the Director and are communicated immediately to the Colombo Stock Exchange together with any shareholding in the Company.

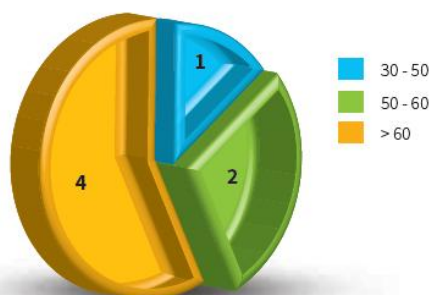
### 1.6 New Appointments, Retirements and Resignation of Directors

During the year 2024/25, the following changes occurred in the composition of the Board:

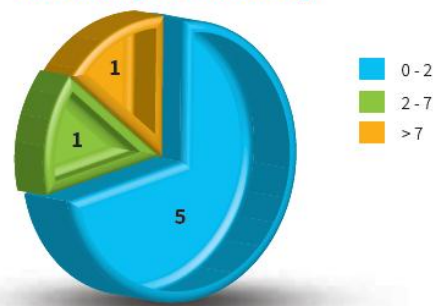
- **Resignations**  
Mr. K. C. Leshan De Silva and Mr. R. D. Balasubramaniam resigned from the Board with effect from 17<sup>th</sup> February 2025.
- **Retirements**  
Mr. N. Sundararajan, Mr. D. P. Kumarage, and Mr. D. A. Abayawardene retired from the Board with effect from 31<sup>st</sup> December 2024.
- **Appointments**  
The following directors were appointed to the Board as non-executive directors.

Name of the Director	Date of Appointment
Mr. D S Weerakkody	01 <sup>st</sup> February 2025
Mr. H M U K Samararatne	01 <sup>st</sup> February 2025
Mr. A A M Amarasinghe	17 <sup>th</sup> February 2025
Mr. M K L Jayawardena	17 <sup>th</sup> February 2025
Mr. Rajive Saharia	27 <sup>th</sup> March 2025

Directors' Age Diversity



Directorship Tenure Diversity



## 1.7 Board Meetings

During the financial year under review, there were four Board meetings, which were scheduled well in advance to ensure full attendance.

The Directors were provided with 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 Company, 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 Company.

The Chairman 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 business performance in lieu of the challenges stemming from the macroeconomic volatilities and uncertainties.

The Board may concurrently participate either in person or by telephone, video conference or other equivalent forms of communication or any other form of audio or audiovisual instantaneous communication by which all persons participating in the conference are able to hear and be heard by all other participants for the dispatch of business and adjourn and otherwise regulate the conference, as the Board thinks fit. All provisions relating to the convening of a meeting of the Board, including the giving of notice thereof and agenda, the quorum for such conference meeting and the votes to be cast shall be the same as is applicable under these Presents in relation to such meetings.

A resolution passed by such conference meeting shall notwithstanding that the Directors are not present together at one place at the time of conference, be deemed to have been passed at a meeting of the Directors held on the day and at the time at which the conference was held and shall be deemed to have been held at the Office of the Company unless otherwise agreed, and all Directors and other persons including the Secretary participating at that conference shall be deemed for all purposes to be present at the meeting.

Without giving prior notice of absent, directors are allow to absent maximum of two board meetings.

Number of Board meetings held during the financial year 2024/25 and the attendance of Directors.

Name of the Director	Board Meetings	
	Eligibility	Attended
Mr. A A M Amarasinghe – <b>Chairman</b> (Appointed w.e.f 17 <sup>th</sup> February 2025)	1	1
Mr. K C Leshan De Silva – <b>Former Chairman</b> (Resigned w.e.f 17 <sup>th</sup> February 2025)	3	3
Mr. Gopal Mahadevan	4	4
Mr. Amandeep Singh Arora	4	3
Mr. D S Weerakkody (Appointed w.e.f 01 <sup>st</sup> February 2025)	1	1

Name of the Director	Board Meetings	
	Eligibility	Attended
Mr. H M U K Samararatne (Appointed w.e.f 01 <sup>st</sup> February 2025)	1	1
Mr. M K L Jayawardena (Appointed w.e.f 17 <sup>th</sup> February 2025)	1	1
Mr. Rajive Saharia (Appointed w.e.f 27 <sup>th</sup> March 2025)	-	-
Mr. D P Kumarage (Retired w.e.f 31 <sup>st</sup> December 2024)	3	-
Mr. N Sundararajan (Retired w.e.f 31 <sup>st</sup> December 2024)	3	3
Mr. D A Abeyawardene (Retired w.e.f 31 <sup>st</sup> December 2024)	3	3
Mr. R D Balasubramaniam (Resigned w.e.f 17 <sup>th</sup> February 2025)	3	3

## 1.8 Board Secretary

Board secretary is registered company secretarial practitioner, is the Secretary to the Board. In addition to maintaining Board minutes and Board records, the Board Secretary provides support in ensuring that the Board receives timely and accurate information in addition to advice relating to corporate governance matters, Board procedures and applicable rules and regulations during the year. All concerns raised and wished to be recorded have been documented in sufficient detail.

All Directors have access to the advice and services of the Secretaries as necessary. The Secretaries maintain minutes of Board meetings, which are open for inspection by any Director. Appointment and removal of the Company Secretaries is a matter for the Board as a whole.

### 1.8.1 Role of Company Secretaries

- Ensuring the conduct of Board and General Meetings are in accordance with the Articles of Association and relevant legislation
- Maintaining statutory registers and the minutes of Board Meetings, General Meetings and of the Subcommittee Meetings
- Prompt communication to regulators and shareholders
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary
- Monitoring and ensuring compliance with regulatory requirements and keeping the Board informed of any developments in these areas
- Monitoring and ensuring compliance with regulatory requirements and keeping the Board informed of any developments in these area

## 1.9 Directors' Independence Review

The Board carried out its annual evaluation of the independence of Directors and accordingly Mr. D S Weerakkody, Mr. H M U K Samararatne and Mr. Rajive Saharia were confirmed to be independent as per the provisions of the Listing Rules of the Colombo Stock Exchange. Each of the Independent Directors complied with the independence requirements under the Rules and has submitted signed declarations in this regard.

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

<b>Criteria for Defining Independence</b>	<b>Status of Conformity of Independent Directors</b>
Shareholding carrying not less than 10% of voting rights	None of the Directors held shares of the Company.
Director of another company	None of the Independent Directors is a Director of another related party company.
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	Independent Director income/cash benefits are less than 20% of an individual Director's annual income.
Employment at Company and/or material business relationship with Company, currently or in the three years immediately preceding appointment as a Director	None of the Independent Directors are employed or have been employed with or have had any material business relationship with LAL.
Close family member is a Director, Chief Executive Officer (CEO) or a Key Management Personnel	No family member of the Independent Director is a Director or CEO or a Key Management Personnel of a related party company.
Has served on the Board continuously for a period exceeding nine years from the date of the first appointment	None of the Independent Directors served on the Board continuously for a period exceeding nine years from the date of the first appointment
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 LAL and/or LAL has a business connection with	None of the Independent Directors are employed, are Directors, or have a material business relationship or a significant shareholding of another related party company as defined.

Following Directors are considered as Non-Independent Directors of the Company;

<b>Name</b>	<b>Reason for Non-Independence</b>
Mr. A A M Amarasinghe	Chairman of Lanka Leyland (Pvt) Limited, which holds 41.77% of the total share capital of Lanka Ashok Leyland PLC.
Mr. Gopal Mahadevan	Director of Ashok Leyland Limited, India which holds 27.85% of the total share capital of the Company and is also the main supplier to Lanka Ashok Leyland PLC.
Mr. Amandeep Singh Arora	Head of International Operations of Ashok Leyland Limited, India which holds 27.85% of the total share capital of the Company and is also the main supplier to Lanka Ashok Leyland PLC.
Mr. M K L Jayawardena	Director of Lanka Leyland (Pvt) Limited, which holds 41.77% of the total share capital of Lanka Ashok Leyland PLC.



## 1.10 Segregation of Key Rolls

### Role of Chairman

- Leading the Board, preserving good corporate governance and ensuring that the Board works effectively
- Ensuring that the Board is in control of the affairs of the Company
- Ensuring effective participation of all Board members during Board meetings and ensuring efficient conduct of Board Meetings
- Building and maintaining stakeholder trust and confidence

### Role of the CEO

- Implementing strategy and driving performance
- Ensuring succession planning of the corporate management team and assessing their performance
- Developing the Company strategy for consideration and approval by the Board in line with guidance provided by the Board
- Developing and recommending to the Board, budgets supporting the Company long-term strategy
- Setting the Board agenda in consultation with the Chairman and assisted by the Company Secretaries
- Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and Corporate Governance principles
- Establishing an organisational structure for the Company which is appropriate for the execution of strategy
- Ensuring a culture that is based on the Company's values
- Ensuring that the Company operates within the approved risk appetite

## 1.11 Fit and Proper Assessment of Directors

Lanka Ashok Leyland PLC is committed to ensuring that all Directors meet the required standards of fitness and propriety at all times. In accordance with the criteria outlined under Section 9.7.3 of the CSE Listing Rules on Corporate Governance, the Company has implemented a rigorous process to assess the suitability of its Directors.

The fit and proper assessment was conducted thoroughly during the year, ensuring compliance with these governance requirements and reaffirming the Company's commitment to maintaining a high standard of leadership and integrity.

## 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 four Board Sub-Committees are as follows:

1. Audit Committee
2. Remuneration Committee
3. Nominations and Governance Committee
4. Related Party Transactions Review Committee



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 four Board Sub-Committees is as follows;

Name of the Director	Board Committees as Chairman or Member			
	Audit Committee	Remuneration Committee	Nomination and Governance Committee	Related- Party Transactions Review Committee
Mr. A A M Amarasinghe <b>(Chairman)</b>	Member	-	-	Member
Mr. Gopal Mahadevan	Member	-	-	Member
Mr. Amandeep Singh Arora	-	Member	Member	-
Mr. D S Weerakkody	<b>Chairman</b>	Member	Member	Member
Mr. H M U K Samararatne	Member	<b>Chairman</b>	<b>Chairman</b>	<b>Chairman</b>
Mr. M K L Jayawardena	-	Member	Member	-
Mr. Rajive Saharia	Member	Member	Member	Member

## 2.1 Audit Committee

### 2.1.1 Composition of Audit Committee

The Audit Committee is comprised of five Non-Executive Directors, of whom three are Independent Directors.

An Independent Director appointed as the Chairperson of the Audit Committee by the Board of Directors.

The Chairperson of the Audit Committee is a Member of a recognized professional accounting body.

The meetings were attended by the Chief Executive Officer and Head of Finance of the Company by invitation. The proceedings of the Audit Committee are regularly reported to the Board.

### 2.1.2 Role of the Audit Committee

The Audit Committee, with its main objective being to assist the Board of Directors in carrying out their responsibilities, is responsible for;

- Ensuring that the internal control system in place is adequate and properly implemented.
- Ensuring that a sound financial reporting system is in place in compliance with Sri Lanka Accounting Standards,
- Ensuring that the Company complies with the applicable laws and regulations.

- Ensuring that the Company's management reporting system is efficient enough to give accurate, appropriate and timely information regarding the present and foreseeable financial governance, risks and compliance requirements.
- Ensuring that the Company's internal control and risk management procedures are adequate to manage and mitigate the risks that may occur in the daily operations of the Company and to prevent outflow of material information to unauthorized persons.
- Review and manage various business and operational risks, including finance, legal, regulatory and strategic risks, ensuring effective mitigation plans for various business units.
- Provide a forum for impartial review of internal audit reports, considering their findings and recommendations on significant business risks.
- Assess the audit plan for the year and approve the budget and resources needed.
- Obtain assurance from CEO and other Key Management Personnel who are responsible for the adequacy and effectiveness of the entity's risk management and internal control systems.

### 2.1.3 Meetings

The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market

## 2.2 Remuneration Committee

The Remuneration Committee is comprised of five Non-Executive Directors, three of whom are Independent Directors.

### 2.2.1 Responsibilities and Scope of the Remuneration Committee

The Remuneration Committee is responsible for:

- Recommending to the Board the remuneration framework for Directors.
- Determining the compensation structure for the Chief Executive Officer.
- Reviewing the recommendation of CEO regarding overall compensation of Senior Management and Executives.
- Reviewing the recommendation of CEO on the overall compensation strategy, including employee benefits, perquisites, performance-based rewards, and other incentives.
- The Committee has granted authority to the Chief Executive Officer to decide the compensation of Senior Executives of the Company within the framework recommended by the Committee.

The Committee ensures that remuneration structures are designed to attract and retain qualified individuals, while maintaining alignment with shareholder interests and industry benchmarks.

### **2.2.2 Remuneration Policy**

The Company's remuneration policy is formulated to support strategic objectives and long-term shareholder value. The policy is underpinned by principles of competitiveness, fairness, performance alignment, and transparency. It is periodically benchmarked against market practices and peer organizations in the industry.

The key elements of employee remuneration include:

- Fixed Components: Basic salary, fixed allowances, and travel-related benefits.
- Variable Components: Monthly and annual performance-based incentives aligned with Key Result Areas (KRAs) and corporate goals.
- Other Benefits: Medical insurance, retirement benefits, and other welfare facilities.

The policy applies uniformly across all staff grades, with variations based on responsibilities and performance.

### **2.2.3 Directors' Emoluments**

All Directors receive a fixed honorarium per month plus a fee for attending Board meetings and for serving on Board Committees.

## **2.3 Nomination and Governance Committee**

### **2.3.1 Purpose of the Committee**

The primary responsibility of the Nomination and Governance Committee is to ensure the effectiveness of the Board by evaluating its structure, composition, and performance. The Committee facilitates a process for identifying, evaluating, and recommending candidates for Board appointments and ensures that governance practices align with evolving regulatory requirements and industry norms.

The Committee's objectives include:

- Recommending appointments to the Board in accordance with the Articles of Association and the Promoters' Joint Venture Agreement.
- Ensuring the Board comprises individuals with appropriate expertise, skills, and diversity to support the Company's strategic direction.
- Overseeing corporate governance matters and making recommendations to the Board for continuous improvement.
- Ensuring compliance with the Listing Rules of the Colombo Stock Exchange (CSE) and applicable laws and regulations.

### 2.3.2 Terms of Reference and Key Activities

The Committee operates under a formal Charter approved by the Board and undertook the following key responsibilities during the year:

- Board Composition Review: Evaluate the current size, structure, and composition of the Board with a view to ensuring alignment with strategic requirements and governance best practices.
- Board Appointments: Consider nominations by Promoter Shareholders (Government of Sri Lanka and Ashok Leyland Limited) and recommend suitable appointments, particularly of Non-Independent Directors, in accordance with the Joint Venture Agreement.
- Director Re-appointments: Review and made recommend on the re-appointment of retiring Directors, taking into account statutory obligations and performance considerations.
- Committee Chair Appointments: Provide recommendations to the Board on the appointment of Chairpersons for various Board Committees.
- Governance Oversight: Review the Company's corporate governance framework and propos improvements where appropriate, benchmarking against the CSE Listing Rules and applicable regulations.
- Monitoring Regulatory Developments: Track emerging governance and regulatory trends and ensure the Board remained informed of necessary changes.
- Evaluate the eligibility of the Directors who have offered themselves for re- appointment and re-election to the Board considering the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities and made necessary recommendations to the Board.
- Ensure that any significant issues concerning the Company were communicated to the Independent Directors and special board meetings convened as and when necessary to discuss important or critical matters with the Board.
- Evaluation of the performance of the Board of Directors and the Chief Executive Officer.
- Update existing Directors and newly appointed Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations.

### 2.4 Related Party Transactions Review Committee

The Committee assists the Board in establishing and reviewing policies and procedures related to Related Party transactions and helps to ensure avoidance of conflict of interest. Further, it monitors whether the management is making appropriate disclosures in compliance with the Listing Rules of Colombo Stock Exchange and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

### 2.4.1 Scope of the Committee

Related Party Transactions Review Committee has been mandated, to ensure compliance with the Code of Best Practices on Related Party Transactions issued by the Securities Exchange Commission of Sri Lanka (the Code), and to facilitate the disclosures as required under LKAS 24.

- The Committee reviews the ongoing and proposed Related Party transactions, (other than those transactions explicitly exempted in conformity with the Code), which are not of an ongoing or recurrent nature; and in cases where the Related Party transactions are of an on-going or recurrent nature, the Committee establishes guidelines for the senior management to follow.
- The Committee normally reviews and updates the Board of Directors once in every quarter about its review and findings on the Related Party Transactions.
- Where applicable, the Committee has laid down guidelines for the Management to make immediate market disclosure on applicable Related Party Transactions as required by Section 9.14 of the continuing Listing requirements of Colombo Stock Exchange.

The Committee is responsible for making appropriate disclosure on Related Party Transactions in the Annual Report to the shareholders, as required by Section 9 of the continuing Listing requirements of Colombo Stock Exchange.

### 2.4.2 Policies and Procedures

The Promoters (Lanka Leyland (Pvt) Limited and Ashok Leyland Limited, India) of the Company and the parties related to Lanka Leyland (Pvt) Limited and Ashok Leyland Limited, India and also entities and organisations directly or indirectly related to them as per the applicable laws, are directly identified as the Related Parties of the Company. Information related to the related parties of the Promoters are periodically obtained and updated in the database of the Company and are used in identifying, tabulation and evaluating the transactions between them and the Company.

The members of the Board of Directors of the Company and the Chief Executive Officer have been identified as the Key Management Personnel. Periodic declarations are obtained from the Key Management Personnel of the Company to identify the parties, if any, related to them who may have had any transactions relevant for this purpose.

The Company uses data from the declarations and the data retrieved from the ERP system to ensure compliance.

### 2.4.3 Meetings

The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.

## 3. COMMUNICATION WITH SHAREHOLDERS

The Company maintains several communication channels with the shareholders which include the Annual Report, interim financial statements, AGMs, EGMs, announcements to the CSE, the corporate website, the investor feedback form provided in the Annual Report, and through the Company Secretaries.

Way of Communication	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim Financial Statements	Quarterly
Announcements to CSE	As required
Media Center section in the Corporate website	Continuous

### 3.1 Release of Information to the Public and 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, the Company has reported a true and fair view of its financial position and performance for the year ended 31<sup>st</sup> March 2025 and also 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 may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. Such questions, requests and comments should be addressed to the Company Secretary.

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

### 3.2 Annual General Meeting

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 Company. Annual Reports are made available to shareholders in electronic form. Shareholders may at any time elect to receive an Annual Report from LAL in printed form, which is provided free of charge.

The Company 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.
- Directors and CEO are made available to answer 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.

## BOARD SUB-COMMITTEES

Audit Committee



Nomination and Governance Committee

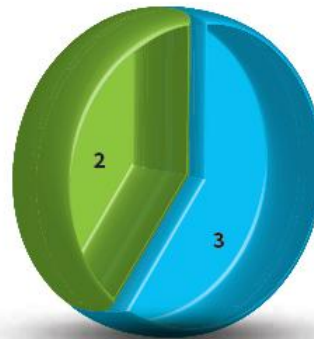


### Composition of the Board sub-committees

Remuneration Committee



Related Party Transactions Review Committee



■ Independent Directors ■ Non-Independent Directors

## 4. RISK MANAGEMENT AND INTERNAL CONTROLS

### 4.1 Overview

The Company believes that successful and proactive risk management initiatives can minimize the likelihood and the impact of risks, though it is not possible to completely avoid risks, as risk is an integral part of any business; and risk and returns go hand in hand in business. Risk Management is a continuous and developing process which runs throughout the Company's strategic initiatives and the implementations, to maintain a balance between the risks of uncertainty and change necessary to grab opportunities.

A successful approach towards Risk Management results in compliance, assurance and better-informed decision-making which will help the Company in improving the effectiveness of strategy and efficiency of operations.

Lanka Ashok Leyland responded to those new challenges by redesigning our product and operating strategies in line with the risk appetite and risk tolerance frame work of the Company.



The Board being primarily responsible for the overall Risk Management of the Company, approves the strategy and policies for effective Risk Management, which are then converted to action in the manner outlined in the following framework.

The Senior Management of the Company is responsible for implementing the Risk Management directives given by the Audit Committee and for the establishment of appropriate systems to ensure that enterprise risks are identified, measured, monitored, and controlled effectively.

Control Environment, Risk Assessment, Control Activities, Communication and Monitoring establish the foundation for the sound internal control system within the Company. The various risks faced by the Company are identified and assessed routinely at all levels and within all functions in the Company. Control activities and other mechanisms are proactively designed to address and mitigate the significant risks. Information critical to identifying risks and meeting business objectives is communicated through established channels up, down and across the Company. The entire system of internal control is monitored continuously and possible weaknesses are addressed timely. Accordingly, the Risk Management Framework of the Company is presented below.



#### **4.4 Risk Assessment**

Risk assessment starts with management discussions, event analysis, internal audit reports and other internal and external communications for risk identification and then proceeds to assess the impact and finally arrives at the response. Risk assessment revolves around measuring and prioritizing risks so that risk levels are managed within defined tolerance thresholds without being over controlled or without foregoing desirable opportunities.

#### **4.5 Control Environment**

The control environment of Lanka Ashok Leyland is headed by the Board of Directors, assisted by an Audit Committee with well-balanced blend of experience, and the Management Committee. The Board with the assistance of the Audit committee, sets the necessary guidelines at the top to ensure an effective control environment ensuring continuous monitoring and improvements. The Management Committee implements the control objectives and gives necessary feedback to both the Audit Committee and to the operational level managers.

#### **4.6 Control Activities**

Control activities established through policies and procedures are performed at all levels of the company at various stages within business processes, and over the technological environment. They may be preventive or detective in nature. Segregation of duties is typically built into the selection and development of control activities. Where segregation of duties is not practical, management selects and develops alternative control activities.

Management Committee is responsible for effectively implementing internal control system in accordance with the policies set by the Board of Directors based on the recommendations of the Audit Committee and the Internal and External Auditors.

#### **4.7 Communication and Monitoring**

Learning through experience, opinions from professionals such as internal auditors, external auditors and other internal and external stakeholders are given due importance by the Audit Committee in monitoring and reviewing the risks. The Audit Committee, which has the ultimate responsibility of monitoring the process of risk management, reviews the risks and action plans on a quarterly basis and makes recommendations to the Board.

The following diagram summarizes the key risks that could be most relevant to the Company's business.



#### 4.8 Key Internal Control Processes

The Management assists the Board in the implementation of Board's policies and procedures pertaining to internal controls over financial reporting by identifying and assessing the risks faced, and in the design, operation and monitoring suitable internal controls. In assessing the internal control system, identified officers of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company. The internal audit function of the Company continued to verify the suitability of design and effectiveness of these procedures and controls on an ongoing basis.

Various Committees constituted by the board assist the Board in ensuring the effectiveness of Company's operations and that the operations are in accordance with the corporate strategies, annual budget and policies, taking into consideration the business environment and internal operating conditions.

The Audit Committee of the Company reviews internal control issues identified by the outsourced internal audit function, regulatory authorities and management and evaluates the adequacy and effectiveness of the internal control systems.

The Audit Committee approves the annual audit plan, review of internal control issues identified by the Internal Audit, the Independent External Auditors, regulatory authorities, and the management evaluation of the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit Committee meetings are tabled at the Board meetings.

The recommendations made by the external auditors in connection with the internal control system in previous years were reviewed and followed up during the year and appropriate steps have been taken to implement them, and to achieve improvements.

## 5. CORPORATE DISCLOSURES

Corporate disclosure helps to establish guidelines for the timely, accurate, and transparent disclosure of information relevant to the company's operations, financial performance, & governance and to promote confidence among shareholders, investors, and other stakeholders.

The Company shall make immediate disclosure of price sensitive information to the Colombo Stock Exchange in order to ensure the maintenance of a fair and orderly securities market.

Such announcement, covers the followings,

- balanced and fair, factual, clear and concise;
- avoid over-technical language, and should be expressed to the extent possible in language comprehensible to the layman;
- contain sufficient quantitative information to allow investors to evaluate its relative importance to the activities of the Entity.

Thus, the announcement should avoid:-

- omission of important unfavorable facts, or the slighting of such facts;
- presentation of favorable possibilities as certain, or as more probable than is actually the case;
- presentation of projections without sufficient qualification or without sufficient factual basis;
- avoid negative statements phrased to create a positive implication;
- avoid the use of promotional jargon calculated to excite rather than to inform; and
- explain the consequences or effects of the information on the Entity's future prospects. If the consequences or effects cannot be assessed, explain why.

## 6. WHISTLEBLOWING ARRANGEMENT

### 6.1 Overview

The Company's Whistle-blower Arrangement provides an effective mechanism for employees and other stakeholders to report any concerns regarding compliance and ethics. The Policy provides a transparent and confidential process which encourages the reporting of any such concerns. The Policy covers the reporting process, how such reports will be addressed and emphasises that those who make a report in good faith under the Policy will be protected from retaliation.

#### Key aspects of the Arrangement:

- Guidelines on the process through which concerns raised will be investigated and appropriate corrective / preventive action will be taken.
- Designated persons to whom reports can be made.
- Management responses and steps taken.
- Details of the internal inquiry process.
- Maintaining confidentiality.

### 6.2 Purpose

This arrangement encourages employees to immediately report any suspected activities that are considered illegal or unethical. Such reports will be treated with the highest confidentiality and investigated as deemed appropriate. Further, it outlines and provides employees guidance on how to raise concerns and report misconduct. This document also ensures that employees will be able to raise genuine concerns without fear of punishment/retaliation or unfair treatment.

Concerns should be raised in good faith and should not be aimed at victimising or causing distress or irritation to any other person. Making malicious/false statements or obstructing an employee from raising concerns hereunder would amount to misconduct and will be dealt with under the disciplinary procedure.

The policy is not limited to the workplace or working hours. Employees are expected to adhere to the policy with regard to all functions and locations where official company related work is conducted.

### 6.3 Scope

This policy applies to the Company and any person who is, or has been, any of the following with respect to the Company:

- Director
- Employee
- Service providers (including employees of service providers)
- Suppliers (including employees of suppliers)
- A dependent or spouse of any of the above.

### 6.4 Raising Concerns

Any Reportable Conduct may be reported to an independent custodian appointed by the management as the Company's Whistleblower Protection Officer, via email below, who will investigate such Reportable Conduct in accordance with this Policy.

The Company's Whistleblowing email address is [whistleblowing@lal.lk](mailto:whistleblowing@lal.lk)

### 6.5 Confidentiality

The Whistleblower Protection Officer will treat all complaints in a confidential and sensitive manner. In specific cases where the criticality and necessity of disclosing the identity of the whistleblower is important, it may be disclosed, on a 'need-to-know-basis', during the investigation process and only with the prior approval of the whistleblower.

### 6.6 Investigation

Our standards and policies govern the investigation of cases reported to Whistleblower Protection Officer are conducted carefully, with the highest level of confidentiality, ensuring thoroughness, independence, and timeliness by subject matter experts.

### 6.7 Feedback to the Whistleblower

Whistleblower Protection Officer recognizes the right of the whistleblower to receive confirmation that the matter has been properly addressed. Therefore, he/she will be given as much feedback as is appropriate under the circumstances, subject to legal constraints.

## **7. ARRANGEMENT ON ANTI-BRIBERY AND ANTI-CORRUPTION**

### **7.1 Purpose**

The Company operates in accordance with ethical guidelines and maintain a culture of integrity throughout its operations. The Company does not condone any form of bribery and/or corruption. The Company practices a zero-tolerance approach towards bribery and corruption in all its transactions. Further, the Company expects all employees, stakeholders and other third parties providing services to or on behalf of the Company to refrain from engaging in any form of bribery and corruption.

### **7.2 Scope**

This Policy applies to the Company and any person who is, or has been, any of the following with respect to the Company:

- Employee
- Director or any other officer
- Service providers (including employees of service providers)
- Suppliers (including employees of suppliers)
- Consultants
- Auditors and officials of Statutory Bodies
- The spouse or a dependent of any of the above (including dependent children).
- Customers

This arrangement covers any individual or entity engaged in business dealings with the Company and is applicable to both direct and indirect transactions.

### **7.3 Prohibition of Corruption**

Company strictly prohibits offering, soliciting, or accepting bribes in any form. This includes:

- Offering, promising, or authorizing payments to government and non government officials to secure unfair advantages is strictly prohibited.
- Directors and employees must not offer or receive money or anything of value, directly or indirectly, to gain improper advantages in the private sector.
- Prohibited payments include cash, benefits, favors, and certain legitimate business expenditures such as gifts, entertainment, travel, donations, sponsorships, or training.
- Gifts to government officials or private individuals related to the Company's business requires Board approval and must not contravene laws, including the Anti-Corruption Act.
- The Company ensures donations or sponsorships do not constitute illegal payments to government bodies, officials, private entities, or individuals.
- Facilitating payments are strictly prohibited unless approved by the Board under exceptional circumstances, with all relevant information provided to the legal and compliance officer.
- Using the Company's property, information, or position for personal gain, either directly or through third-party intermediaries, is prohibited.

### **7.4 Reporting Suspected Cases of Corruption**

Employees who witness or have reason to believe that this arrangement has been violated must immediately report such violations to the Whistleblower Protection Officer, their immediate supervisor or HR division in accordance with the procedure for reporting set out in the Company's arrangement on Whistleblowing. Concealing information pertinent to such violations may result in the inability of conducting a proper investigation into the allegations. Employee/s who wilfully conceal information pertinent to instances of suspected corruption may also be subject to disciplinary action.

## 7.5 Stakeholder Responsibilities

All stakeholders, including employees, directors, customers, suppliers, consultants, and other parties, are required to uphold the highest standards of business integrity when dealing with or on behalf of the Company. Due diligence processes are in place to verify that all external engagements comply with the Company's ethical standards.

## 8. MANAGEMENT OF COMPANY ASSETS AND SHAREHOLDER INVESTMENTS

Control and management of company assets and shareholder investments is crucial for ensuring transparency, accountability, and alignment with the company's strategic goals. This policy serves as a framework for the responsible management of company assets and shareholder investments.

### Purpose

- To establish guidelines for the effective management, protection, and utilization of company assets.
- To outline procedures for handling shareholder investments to promote trust and transparency.

### Scope

This policy applies to all employees, management, and board members involved in the management of company assets and shareholder investments.

### Definitions

**Company Assets:** All tangible and intangible assets owned by the company, including cash, equipment, and inventory.

**Shareholder Investments:** Financial contributions made by shareholders in exchange for equity in the company.

### Asset Management

- Regularly assess and record all company assets.
- Implement safeguards (insurance, physical security, etc.) to protect company assets from loss or theft.
- Optimize the use of company assets to maximize returns.

### Shareholder Investment Management

- Communicate the strategy to shareholders to ensure transparency.
- Provide regular updates to shareholders on financial performance and investment status.
- Ensure that all financial reports are accurate, timely, and in compliance with legal requirements.

## 9. SUSTAINABILITY GOVERNANCE

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



The Board firmly embeds sustainability concerns within the Company'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 are in place to review the effectiveness of the procedures embodied by the Company on a needs basis.

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

The Company's well-established sustainability integration processes and its sustainability management framework work alongside other key functions and management systems such as human resources, health and 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, resource scarcity and environmental pollution, social issues such as, the Company'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 Company and are periodically reviewed at a Board level.

## 10. THE CODE OF CONDUCT

The Company Code of Conduct includes,

- Allegiance to the Company, that ensures the Company will “do the right thing”, by going further than the letter of any contract, the law and the Company's written policies.
- Compliance with rules and regulations applying in the territories that the Company 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 Company operates in and the natural environment.
- Exercise of professionalism and integrity in all business and public personal transactions.

The Code of Conduct also entails conformance to all Company policies, and includes, amongst many others, policies on gifts, entertainment, facilitation payments, proprietary and confidential information.

The Code of Conduct, and thereby all Company policies, apply to all employees and Directors. The Company Leadership, both the Board of Directors and the Senior Management, spearheads the implementation of the Code.

The Company further strengthened its internal policy universe during the year under review, keeping in line with best practice and the revised CSE Listing Rules, including reviewing the policies in terms of its interdependencies.

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 Company through structured communication. The degree of employee conformance with Values and their degree of adherence to the Code of Conduct are key elements of the reward and recognition schemes.

The Board is committed to maintain highest ethical standards in conducting its business and to communicate its values to its employees and dealers, and always strive to ensure their conduct is based on such values.

## 11. INTERNAL AUDIT

The Internal Audit provides an independent risk based oversight to the Audit Committee on the processes and controls within the Company. M/s. Ernst & Young Consulting Services (Pvt) Limited, Chartered Accountants, have been functioning as the internal auditors to monitor and report on the adequacy of the Financial and Operational Controls, and identifying areas for improvement. They present their findings to the Management and the responses and actions are noted. Thereafter, the highlights are presented to the Audit Committee. Actions are decided based on the Committee's advice and regular follow-up is done to close/resolve the identified issues.

## 12. EXTERNAL AUDIT

M/s. KPMG, Chartered Accountants have been appointed by the shareholders, as the external auditors, to review and express their opinion on the true and fairness of the Annual Financial Statements of the Company. They submit their report to the shareholders, for consideration at the Annual General Meeting. Further they issue an annual Management Letter to the Board, highlighting priority areas for attention and improvement, and other significant observations, if any. This Management Letter is also reviewed by the Audit Committee and the actions are decided and implemented based on the Committee's advice.

The statutory auditors have given a declaration as required by section 163 (3) of the Companies Act, No. 07 of 2007, that they do not have any interest or relationship with the Company, which may have a bearing on the independence of their role as auditors.

On the recommendation of the Board, the shareholders have approved the reappointment of M/s KPMG (Chartered Accountants) as the external auditor of the Company for the financial year 2024/25. M/s KPMG has been the external auditor of the Company since its inception in 1983. The Committee considered aspects such as the periodic rotation of the audit partner, with the last rotation taking place for the year ended 31<sup>st</sup> March 2025.

The Committee reviewed the non-audit services and its impact on the independence of the External Auditors and recommended to the Board that M/s. KPMG be re-appointed as the Independent External Auditor for the financial year 2025/26 and also the re-appointment be included in the agenda of the Annual General Meeting, for securing the approval of the shareholders.

## 13. DISCLOSURES

The tables given below provide the details and disclosures on the level of compliance with the requirements of the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the code of best practices issued jointly by Institute of Chartered Accountants of Sri Lanka and the Securities & Exchange Commission of Sri Lanka.

### 13.1 Disclosure Requirements Under The Companies Act, No. 07 Of 2007

Level of compliance with Section 168 of Companies Act, No. 07 of 2007, pertaining to Corporate Governance.

<b>Rule No.</b>	<b>Disclosure Requirement</b>	<b>Compliance Status</b>
Section 168 (1) a	Changes during the accounting period in the nature of the business of the Company.	Complied
Section 168 (1) b	Financial Statements for the accounting period completed and signed in accordance with section 151.	Complied
Section 168 (1) c	Auditor's report on the Financial Statements	Complied
Section 168 (1) d	Change in accounting policies made during the accounting period.	Complied
Section 168 (1) e	Particulars of entries in the interests register made during the accounting period.	Complied
Section 168 (1) f	Remuneration and other benefits of directors during the accounting period	Complied
Section 168 (1) g	Amount of donations made by the Company during the accounting period.	Complied
Section 168 (1) h	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	Complied
Section 168 (1) i	Amounts payable by the Company to the auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that firm.	Complied
Section 168 (1) j	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company.	Complied
Section 168 (1) k	Sign the Annual Report on behalf of the Board by two Directors of the Company and the Secretary of the Company.	Complied

## 13.2 Disclosures Specified by Section 7.6 of the Listing Rules of the Colombo Stock Exchange

Level of compliance with Section 7.6 of Listing Rules of the Colombo Stock Exchange;

Rule No.	Disclosure Requirement	Reference to the LAL Annual Report 2024/25
Rule 7.6 (i)	Names of persons who during the financial year were Directors of the Entity.	Corporate Governance Report
Rule 7.6 (ii)	Principal activities of the Entity during the year and any changes therein.	Annual Report of the Board of Directors
Rule 7.6 (iii)	The names and the number of shares held by the 20 largest holders of shares and the percentage of such shares held.	Share Information
Rule 7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Share Information
Rule 7.6 (v)	Directors' and Chief Executive Officer's holding in shares of the Entity at the beginning and end of financial year.	Annual Report of the Board of Directors
Rule 7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	Risk Report of the Annual Report
Rule 7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Annual Report of the Board of Directors
Rule 7.6 (viii)	Extent, locations, valuations of land and buildings and investment properties.	Note no 15. 1 of the Financial Statements
Rule 7.6 (ix)	Number of shares presenting the Entity's stated capital.	Note no 25 of the Financial Statements
Rule 7.6 (x)	Distribution schedule of the number of holders in each class of security, and the percentage of their holding as per given categories	Share Information
Rule 7.6 (xi)	Ratios and market price information	Financial Highlights and Decade at a Glance
Rule 7.6 (xii)	Significant changes in the Entity's fixed assets and the market value of land if differs substantially from the book value.	Note nos 15, 16 & 17 of the Financial Statements
Rule 7.6 (xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	Not Applicable
Rule 7.6 (xiv)	Employee share option/purchase schemes	Not Applicable
Rule 7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	Corporate Governance Report
Rule 7.6 (xvi)	Details of Related party transactions as per the specified criteria.	Note no 33 of the Financial Statements

### 13.3 Disclosure Requirements under Section 9 of the Listing Rules of Colombo Stock Exchange (CSE) on Corporate Governance

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

Governance

Rule No.	Applicable Requirement	Details	Compliance Status
<b>9.1 Corporate Governance Rules</b>			
9.1.3	A statement confirming compliance with Corporate Governance Rules	The Company is in compliance with the Corporate Governance Rules and has stated so within the Report with any deviations explained where applicable.	Complied
<b>9.2 Policies</b>			
9.2.1 / 9.2.3	Listed Company shall establish and maintain the policies in section 9.2.1 and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website	All required policies mandated under Listing Rule 9.2.1 have been duly disclosed and are available on the Company's official website for public reference.	Complied
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Not Applicable	Not Applicable
<b>9.3 Board Committees</b>			
9.3.1 a/b/c/d	Minimum required Board Committees	The required Committees are maintained and are functioning effectively.	Complied
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	The Company is in compliance with the requirements in respect of the Board Committees.	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Board Committees have separate Chairman.	Complied
<b>9.4 Meeting Procedures and the Conduct of all General Meetings with Shareholders</b>			
9.4.1 a/b/c/d	Records of all resolution being considered at any General Meeting shall be maintained	The Company maintains all records and information regarding resolutions considered at General Meetings.	Complied
9.4.2 a/b/c/d	Communication and relations with shareholders and investors	Refer Communication with Shareholders section in this report.	Complied

<b>9.5 Policy on Matters Relating to the Board of Directors</b>			
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	The Company has established and maintained a policy on matters relating to the Board of Directors, which is published on the corporate website.	Complied
9.5.2	Disclosures in the Annual Report	Disclosures are made with regards to the availability of policy on governing matters relating to Board of Directors.	Complied
<b>9.6 Chairperson and CEO</b>			
9.6.1	The Chairperson of every Listed Company shall be a Non- Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director is appointed by such Entity	The Chairman of the Company is Non-Executive Director.  The Company has separate individuals as Chairman and as CEO	Complied
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	Not Applicable	Not Applicable
9.6.3	Appointment of Senior Independent Director	Not applicable since there is no Senior Independent Director	Not Applicable
9.6.4	Rationale for appointing Senior Independent Director	Not Applicable	Not Applicable
<b>9.7 Fitness of Directors and CEO</b>			
9.7.1 – 9.7.4	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.	Complied

		Accordingly, all the directors and CEO have disclosed their fitness and propriety as stipulated by CSE.  The Nominations and Governance Committee reviews and makes recommendation to the Board on the fitness and propriety of Directors.	
9.7.5	Disclosures in the Annual Report	Refer Fit and Proper Assessment of Directors section in this report	Complied
<b>9.8 Board Composition</b>			
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board currently consists of seven directors including the Chairman.	Complied
9.8.2	At least two or one third of the Directors, whichever is higher, should be Independent Directors.	Three out of Seven Non-Executive Directors are independent throughout the year and also as at 31 <sup>st</sup> March 2025.	Complied
9.8.3	Requirements for meeting the criteria to be an Independent Director.	Refer Directors Independent Review section in this report	Complied
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'	All independent Directors have submitted declarations as to their independence, and a determination of their independence is evaluated.	Complied
<b>9.9 Alternate Directors</b>			
9.9 (a) – (e)	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association	No Alternate Directors appointed during the year 2024/25.	Not Applicable
<b>9.10 - Disclosures relating to Directors</b>			
9.10.1	Policy on the maximum number of directorships	The Company has established and maintained a policy on matters relating to the Board of Directors, which is published on the corporate website.	Complied
9.10.2 / 9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	The Company has submitted the brief resume of newly appointed director to Colombo Stock Exchange.	Complied
9.10.4	Details in relation to the Board members	Board of Directors' resume is given in Annexure 01.	Complied



<b>9.11 – Nomination and Governance Committee</b>			
9.11.1	A listed company shall have a Nomination and Governance Committee.	The Company has a Nomination and Governance Committee. Refer Page xx to the Annual Report.	Complied
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	Refer Nomination and Governance Committee Report of Annual Report	Complied
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Refer Nomination and Governance Committee Report of Annual Report	Complied
9.11.4(1)	Shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity and not comprise of Executive Directors of the Listed Entity.	The Nomination and Governance Committee comprised of five (5) Non-Executive Directors out of which three (3) are Independent.	Complied
9.11.4(2) / (3)	An Independent Director shall be appointed as the Chairperson of the Nomination and Governance Committee by the Board of Directors.  The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	An Independent Director has always been as the Chairmen of the Nomination and Governance Committee. Refer Nomination and Governance Committee Report of this Annual Report	Complied
9.11.5	The functions of the Nominations and Governance Committee	Refer Nomination and Governance Committee Report of Annual Report	Complied
9.11.6	Disclosures in the Annual Report	Refer Nomination and Governance Committee Report of Annual Report	Complied
<b>9.12 Remuneration Committee</b>			
9.12.2	A listed company shall have a Remuneration Committee.	The Company has a Remuneration Committee. Refer Remuneration Committee Report of Annual Report.	Complied

9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors and individual Directors.	Refer Remuneration Committee Report of Annual Report	Complied
9.12.4	Remuneration for Non-Executive Directors shall be based on a policy of non-discriminatory pay practices to ensure the independence	Refer Remuneration Committee Report of Annual Report	Complied
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Refer Remuneration Committee Report of Annual Report	Complied
9.12.6(1)	Shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity and not comprise of Executive Directors of the Listed Entity.	The Remuneration Committee comprised of five (5) Non-Executive Directors out of which three (3) are Independent.	Complied
9.12.6(2)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	An Independent Director has always been as the Chairmen of the Remuneration Committee.	Complied
9.12.7	Functions of the Committee	Refer Remuneration Committee Report of Annual Report	Complied
9.12.8	The Annual Report should set out the names of the Directors comprising the Remuneration Committee, Statement of Remuneration policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Names of Remuneration Committee members are given in Corporate Governance Report. The report of the Remuneration Committee is given in the Annual Report and the remuneration paid to Directors is given in the Note 10 to the Financial Statement.	Complied
<b>9.13 Audit Committee</b>			
9.13.1	A listed company shall have an Audit Committee.	The Company has an Audit Committee. Refer Audit Committee Report of the Annual Report.	Complied
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	The Audit Committee has a written terms of reference clearly defining its scope, authority and duties.	Complied

9.13.3.1	Shall comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.	The Audit Committee comprised of five (5) Non-Executive Directors out of which three (3) are Independent.	Complied
9.13.3.2	Composition - The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors	Majority of the Committee members are independent.	Complied
9.13.3.3	Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Refer Audit Committee report of Annual Report	Complied
9.13.3.4	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	An Independent Director has always been the Chairmen of the Audit Committee.	Complied
9.13.3.5	Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings.	The Chief Executive Officer, Assistant General Manager – Finance attend Audit Committee meetings by invitation.	Complied
9.13.3.6	The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	The Chairman of the Audit Committee is Fellow of both the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka	Complied
9.13.4	Functions of the Committee	Refer Audit Committee report of Annual Report	Complied
9.13.5	The Annual Report should set out the names of the Directors comprising the Audit Committee, shall make a determination of the independence of the Auditors and disclose the basis for such determination and Annual Report shall contain a Report of the Audit Committee.	Refer Audit Committee report of Annual Report	Complied
<b>9.14 Related Party Transactions Review Committee (RPTRC)</b>			
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee	The Company has a RPTRC. Refer RPTRC Report of the Annual Report.	Complied
9.14.2	Related Party Transactions Review Committee shall comprise of a minimum of 3 members, majority of whom should be IDs and an ID shall be appointed as the Chairperson	The RPTRC comprised of five (5) Non-Executive Directors out of which three (3) are independent including the Chairman of the Committee.	Complied
9.14.3	Functions of the Committee	Refer RPTRC Report of the Annual Report.	Complied

9.14.4 (2)-(4)	General Requirements	Refer RPTRC Report of the Annual Report.	Complied
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Refer RPTRC Report of the Annual Report.	Complied
9.14.6	Shareholder Approval	During the year under review, Company has not had any recurrent / non-recurrent Related Party Transactions, which requires shareholder approval.	Not Applicable
9.14.7	Immediate Disclosures – Non Recurrent Related Party Transactions	During the year under review, Company has not had any non-recurrent Related Party Transactions, which requires immediate announcement to the Exchange.	Not Applicable
9.14.8(1)	Disclosure of Non recurrent Related Party Transactions, if aggregate value of the Non-recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the listed entity as per the latest Audited Financial Statements.	Company has not had any non-recurrent Related Party Transactions during the year under review with aggregate value exceeding 10% of the equity or 5% of the Total assets, whichever is lower. Hence, no disclosure is required.	Not Applicable
9.14.8(2)	Disclosure of recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Gross Revenue/Income as per the latest Audited Financial Statements.	During the year, there were instances where aggregate recurrent Related Party Transactions value exceeded the threshold of 10% of Gross Revenue. Accordingly, required Disclosure has been made in note 33.1 to the Financial Statements.	Complied
9.14.8(3)	Committee report shall include; Names of Committee members, statement that Committee has reviewed the RPTs and communicated observations to the Board, policies and procedures adopted in reviewing RPTs and number of times Committee met during the year.	Refer Related Party Transactions Review Committee Report of this Annual Report.	Complied
9.14.8(4)	This should be an affirmative statement of the compliance and full disclosure of Related Party Transactions or a negative statement in the event the entity does not have Related Party Transactions.	Refer RPTRC Report of the Annual Report.	Complied

9.14.9	Acquisition And Disposal of Assets from / to Related Parties	There were no acquisition and disposal of substantial assets during the year 2024/25.	Not Applicable
<b>9.17 Additional Disclosures</b>			
9.17 (i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Directors make a disclosure of interests at appointment, at the beginning of every financial year and also during the year may be required.	Complied
9.17 (ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Board takes steps to ensure the integrity of internal control systems, and that they remain effective, via the review and monitoring of such systems on a periodic basis.	Complied
9.17 (iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions	Refer Annual Report of the Board of Directors on the Affairs of the Company	Complied
9.17 (iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates	During the year under review, there were no material fines incurred.	Complied

## 14. COMPLIANCE

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Company are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations. Interim Financial Statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders. The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made up to date.

## BOARD OF DIRECTORS

### MR. A A M AMARASINGHE

#### **Chairman**

Mr. A. A. M. Amarasinghe was appointed to the Board of Lanka Ashok Leyland PLC as the Non-Independent, Non-Executive Chairman with effect from 17<sup>th</sup> February 2025. He also holds the position of Chairman at Lanka Leyland (Pvt) Limited.

Mr. Amarasinghe has had a distinguished career over five decades in both the public and private sector. He had been in the Sri Lanka Administrative Service (SLAS) and had served in several positions in District administration level, a Secretary to the provincial Ministry of Education and Health, Director General of the Department of Sports Development and as an Advisor to the Ministry of Sports. His professional experience encompasses a broad range of senior managerial roles in public sector administration and private enterprises.

He holds a Master of Science degree in Rural and Regional Development Planning from the Asian Institute of Technology, Bangkok, Thailand, and a Bachelor of Arts (Honours) degree in Economics from the Vidyodaya University of Sri Lanka.

### MR. GOPAL MAHADEVAN

#### ***Non-Executive Director***

Mr. Gopal Mahadevan was appointed as a Non-Executive Director on the Board of Lanka Ashok Leyland PLC in September 2013.

Mr. Gopal Mahadevan is a Chartered Accountant and a qualified Company Secretary with over 35 years' experience in Finance across a spectrum of industries. He is a member of the Board of Ashok Leyland and is also in on the board of Directors of several subsidiaries of Ashok Leyland including Switch Mobility Automotive Ltd, Ohm Global Mobility Private Limited, Hinduja Leyland Finance Ltd, Hinduja Housing Finance Ltd, and Hinduja Technologies Ltd

Mr Gopal Mahadevan joined Ashok Leyland Ltd in 2013 and till FY 24 was the CFO of the Company. Aside of being the CFO he has handled diverse responsibilities at Ashok Leyland Ltd including Strategy, Digital & IT as well as the Customer Solutions Business.

Mr. Gopal has had experience in Manufacturing, Internet Services, Financial Services and Project Companies.

Prior to Ashok Leyland, Mr. Mahadevan had worked at Thermax Ltd., Amara Raja Batteries, Sify, Sanmar Group and TTK Pharma. Aside of Finance, Mr. Mahadevan has handled Corporate Planning & Strategy, IT, HR and Corporate Communications.

Mr. Mahadevan has he has been awarded Best CFO from several organizations including from ICAI, CNBC TV18, IMA and Business Today and Mr. Gopal represents various Industry Bodies including CII, FICCI, ASSOCHAM and Madras Chamber of Commerce .

### **MR. AMANDEEP SINGH ARORA**

#### ***Non-Executive Director***

Mr. Amandeep Singh Arora was appointed to the Board of Lanka Ashok Leyland PLC as a Non-Executive Director on 24<sup>th</sup> December 2021. He currently serves as the Head of International Operations at Ashok Leyland Limited, India, and is responsible for overseeing the company's global sales and distribution operations.

Mr. Arora began his career with Ashok Leyland in 1992 as a Management Trainee through campus placement and has since held various leadership roles across multiple functions and regions within India.

He holds a Master of Business Administration (MBA) from the Institute of Management Technology, Ghaziabad, and a Master's degree in Operations. He has also undergone executive education at the Indian Institute of Management (IIM) Ahmedabad and the Kellogg School of Management, Chicago.

### **MR. D S WEERAKKODY**

#### ***Independent Director***

Mr. Weerakkody was appointed as an Independent (Non-Executive) Director to the Board of Lanka Ashok Leyland PLC with effect from 01<sup>st</sup> February 2025.

Mr. Dinesh Weerakkody currently serves as the Chairman of the Employers' Federation of Ceylon and Union Bank of Colombo PLC. He is the Immediate Past Chairman of the International Chamber of Commerce Sri Lanka and the Senior Vice Chairman of the Sri Lanka Institute of Directors.

He is a Director of several leading companies and has held a number of prominent leadership roles in both the private and public sectors. He is the former Chairman of Hatton National Bank PLC and Commercial Bank of Ceylon PLC, and has also served as Chairman of the National Human Resource Development Council of Sri Lanka and the International Chamber of Commerce Sri Lanka.

Mr. Weerakkody holds a Doctorate in Business Administration (D.BA, honoris causa), an MBA from the University of Leicester (UK), and an Advanced Diploma in Business Administration from ABE (UK). He is a Fellow of the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka, and a Professional Member of the Singapore Human Resource Institute.

### **MR. H M U K SAMARARATNE**

#### ***Independent Director***

Mr. H. M. Udeni K. Samararatne was appointed to the Board of Lanka Ashok Leyland PLC as an Independent Non-Executive Director with effect from 01<sup>st</sup> February 2025. He also serves as a Director of National Credit Guarantee Institute Ltd, Gadimah Consulting (Dubai), and Richard Pieris PLC. Formerly he held the position as a board director of Peoples Bank Sri Lanka and was a former board director of Peoples Leasing PLC.

Mr. Samararatne is a highly experienced senior finance professional with a career spanning over 35 years. He has held senior financial leadership roles in several listed and multinational companies, including his tenure as Chief Financial Officer at Sri Lanka Telecom PLC. His professional experience also includes positions at Kelani Tyres PLC, ACME PLC, and global corporations such as Noritake (Japan), Ferrero (Luxembourg), and CEAT (India).



He is a qualified Accountant in the Association of Chartered Certified Accountants (ACCA – UK) and the Chartered Institute of Management Accountants (CIMA – UK). Mr. Samararatne holds a Master of Business Administration (MBA) from the Swiss Business School, Zurich. He also holds a Master's degree in Financial Economics and International Relations from the University of Colombo.

### **MR. M K L JAYAWARDENA**

#### ***Non-Executive Director***

Mr. Kithsiri Jayewardene was appointed to the Board of Lanka Ashok Leyland PLC as a Non-Independent, Non-Executive Director with effect from 17<sup>th</sup> February 2025. He also serves as a Director of Lanka Leyland (Pvt) Limited.

Mr. Jayewardene is a professional marketer and trainer specializing in enterprise development, project management, motivation, and performance enhancement. He currently serves as the Head of Sales and Marketing at IGC Company (Pvt) Ltd, where he is responsible for training, consultancy, channel development, and marketing research.

He holds a Master of Business Administration (MBA) in Marketing and a Bachelor of Science (BSc) in Business Administration, both from the University of Sri Jayewardenepura. He is also a Certified Business Edge Trainer of the International Finance Corporation (IFC – World Bank), a Certified ASAP Trainer under the Ministry of Education, and a Master Trainer in Sales and Marketing. In addition, he is a visiting lecturer at the University of Sri Jayewardenepura and other academic and professional institutions.

Mr. Jayewardene brings over 17 years of experience in the corporate sector, including senior managerial roles across various industries.

### **MR. RAJIVE SAHARIA**

#### ***Independent Director***

Mr. Rajive Saharia was appointed to the Board of Lanka Ashok Leyland PLC as an Independent Non-Executive Director with effect from 27<sup>th</sup> March 2025.

He is a seasoned business leader with over 40 years of experience in the automotive industry. Mr. Saharia previously held key leadership positions at Ashok Leyland Limited, India, including President – International Operations and Executive Director – Marketing. He also served as the Chairman of Gulf Ashley Motors Limited and Ashok Leyland UAE LLC, and as a Director of Ashley Commercial Vehicles Limited (ACCL).

His earlier career includes senior roles such as General Manager – Marketing at Honda Cars India Ltd. and Head of Sales and Marketing Operations for the Mahindra Light Commercial Vehicle (LCV) range.

Currently, Mr. Saharia serves as a Governing Council Member of the Indian Institute of Technology (IIT) Madras Centre of Excellence for Zero Emission Trucking.

He holds a Bachelor of Engineering in Mechanical Engineering (Honors) from Goa Engineering College, University of Mumbai, and is a registered Independent Director on the Ministry of Corporate Affairs (MCA) database in India.