

The Director

VOLUME 21 ISSUE 03



THE SRI LANKA
INSTITUTE OF
DIRECTORS

**Directors' Rights,
Duties and
Liabilities under
the new Securities
and Exchange
Commission Act**

**SLID's Women
Director's Forum**
Empathetic
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Contents

02	Chairman's New Year Message
04	SLID's Women Director's Forum Empathetic Leadership in a Time of Crisis
06	Role of the Financial Intelligence Unit (FIU) - Obligations of Directors and Company Secretaries in complying with AML/CFT requirements
10	Brave new world for Company Directors
14	IFC supports first Sri Lanka Chapter of Women Corporate Directors to promote diversity in boardroom
16	Discussion on the New Data Protection Legislation
20	SLID Committees and Forums
23	Secretariat News
24	Directors' Rights, Duties and Liabilities under the new Securities and Exchange Commission Act
27	Making Sri Lanka a Technology Hub
29	New Members

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*Articles and comments therein are
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CHAIRMAN'S NEW YEAR MESSAGE

Dear Members,

Greetings to you all at the dawn of the New Year 2022!

We are in tough and turbulent times, striving to steer our businesses and personal lives amidst multiple challenges brought upon us by Covid-19 and the economic downturn. The environment is uncertain but we remain hopeful as we enter the new year. What matters most at a time like this is our state of mind and resolution to fight our battles with courage, determination, astute preparation and readiness.

Our Institute is no exception. We are going through difficult times managing our income and expenditure since the outbreak of the pandemic but have not allowed our state of mind to falter or surrender. We have come a long way since our inception and are currently on a journey to grow our purpose and presence, and rise to serve the interests and aspirations of all our members as they progress in their roles and responsibilities as directors and aspiring directors. In this journey we will stay firmly committed to our value principles and advocacy agenda on good governance, inclusivity, and diversity at the business level, industry level and country level.

We are entering the new year with a strengthened secretariat, new structures and platforms for greater member engagement and development, renewed knowledge partnerships, and a plan to enhance our total membership value proposition. There is commitment and excitement at the Council and the Secretariat to deliver superior results, professionally. So, please stay tuned, get involved in our activities and be part of our journey in building **Better Directors, Better Boards, Better Companies.**

I wish you a Bright and Happy New Year! May it bring good health, peace of mind and prosperity to you and your families!



Faizal Salieh
Chairman



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SLID's Women Director's Forum

Empathetic Leadership in a Time of Crisis



The Women Directors' Forum (WDF) of The Sri Lanka Institute of Directors organized a panel discussion titled "Empathetic Leadership in a Time of Crisis" on 19 November 2021 at the Cinnamon Grand Colombo to discuss and share insights with its members on the virtues of and the need for empathy in leading organizations in times of crises such as the current pandemic. The keynote was delivered by Ms. Hajar Alafifi-Chairperson, Unilever Sri Lanka. Moderated by Dilshan Rodrigo-Director/COO, Hatton National Bank PLC, the panel consisted of Ms. Shiromal Cooray-Managing Director, Jetwing Travels (Pvt) Ltd, Ms. Kasthuri Chellaraja Wilson-Group CEO, Hemas Holdings PLC, Ms. Lakmini Wijesundera-Co Founder, IronOne Technologies/BoardPac and Ms. Chamila Bandara-Director/CEO, Mountain Hawk Express (Pvt) Ltd as well as Ms. Alafifi.



“Empathy goes beyond compassion. Leaders were super-heroes, commanding and controlling with top-down leadership styles until maybe 10 years ago. With the advent of Covid, leaders realized that they now had to pull a different muscle to lead the team and drive business performance. They needed to make their people feel safe and cared for. This required them to exude a completely different leadership style. They had to become human leaders. Empathetic leadership is about doing hard things in a human way. It is not about becoming fluffy or being kind for the sake of being kind. It is about driving performance whilst being human” said Ms. Hajar Alafifi in her keynote

address and explained that empathy builds productivity contrary to the belief that empathy is counter productive to business results and performance. She also emphasized that an empathetic leader drives business results by supporting and challenging the team at the same time.



Dilshan Rodrigo citing research conducted said that while 80% of leaders consider themselves empathetic leaders, the staff ratings of these leaders indicate that only 20% of them are actually seen to be empathetic leaders. He also said that during the difficult period due to Covid, he has seen companies operating in good industries not doing well and companies operating in difficult industries doing well due to good leadership, emphasizing that ultimately it is leadership that matters in achieving business performance.



Responding to a question from the moderator on empathetic leadership and how it manifests itself for each of the panelists, Ms. Lakmini Wijesundera said that as a growing company the expectation from the leadership is different to the well-established, well-structured companies. “In our situation, communication with the staff is very important with understanding and empathy towards the team.”

Ms. Kasthuri Chellaraja Wilson sharing her thoughts said that there is a fine line between understanding and sympathy, and that there are things that leaders can understand, acknowledge, and accommodate. Listening and having deeper conversations with the team had helped her to understand her individual team members better.



Ms. Shiromal Cooray emphasized that empathy needs to come from leaders and that it is their duty to instill an empathetic culture in the company. She said that merely having an empathetic leader may not be sufficient and that empathy must be cascaded down the company's hierarchical lines through many interventions.

Ms. Chamila Bandara mentioned that empathy is a core value in her company and one of 10 leadership attributes. She said that when Covid came about, their leadership team was really put to the test as theirs was an essential service which put the staff at risk given that they had to make deliveries even during the pandemic. She emphasized that empathetic leadership is not only thinking of your employees and putting them first but also about making intelligent and commercially viable decisions. “During a crisis, one needs to be confident of one's ability as a leader” she added.

Role of the Financial Intelligence Unit (FIU) – Obligations of Directors and Company Secretaries in complying with AML/CFT requirements

The Sri Lanka Institute of Directors (SLID) hosted a webinar on October 28th, 2021. The theme seemed appropriate, even timely, considering the infamous revelations from around the world which focused on the vulnerability of financial systems in many countries. These systems and institutions within them, have been either victims or unwitting facilitators of 'black' money changing hands and transmitted across borders. While there were outcries at the mention of cheating the system and avoidance of just taxes being paid, funds were also being siphoned under fraudulent pretexts and such movements being hidden under layers of porous constituent entities and shell companies, which have proved very difficult to trace or expose.

The moderator for the event was Mr. D. Soosaipillai- Director, Commercial Credit & Finance PLC. The Keynote was sounded by Ms. Enoka Mohotty, Director Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka, who initiated the proceedings with a comprehensive presentation, that focused on several specific and allied areas of concern. There is an institutional framework for combatting Money Laundering and countering terrorism financing, and it is expected

that those leading the corporates and companies such as Company Secretaries and Directors of such entities, will fulfil their obligation to liaise and cooperate with the FIU.

The FIU stands at the centre as focal point in processing all information related to the subject and then engages with the Law Enforcement Authorities. Under Section 5 of Prevention of Money Laundering Act No. 5 of 2006 - 'Any person who comes across any information during trade, profession, business or employment of any unlawful activity or money laundering has the responsibility to report it to the FIU.' This obligates Directors and Company Secretaries to be watchful and ensure compliance.

WHO CARRY THE RESPONSIBILITY?

The Institutions that are under the FTRA and are mandated to comply, are those that are in Finance Business, such as Licensed Banks, Finance Companies, Insurance Companies, Stock-Brokers, Authorised Money Changers, and Service Providers in the Money market. However, there are non-finance entities that are also called upon to be compliant, namely Lawyers and Legal Professionals, Accountants, Casinos and Gambling

Businesses, Real Estate agents, and dealers in precious metals and stones, to name some.

Company Service Providers have to be vigilant as regards the formation or management of legal persons. This obligates a Director or Secretary of a Company to act in matters related to a registered office, a business address or accommodation, correspondence or administrative address for a company or partnership or any other legal person. Appointment on a Trustee relationship also is within this provision under Section 33 of the FTRA, as is the nominee shareholder on behalf of another. All this effort is to mitigate the passage of funds for questionable purposes such as terrorism-funding or other illegal enterprises.

The application of relevant laws [AML/CFT], and actual implementation of Customer Due Diligence at the earliest and introducing mechanisms to report suspicious transactions to the FIU, is paramount.

WHY COMPLY WITH INTERNATIONAL STANDARDS?

This is a global priority as IMF estimates that the extent of money laundering constitutes 2-5% of the world's GDP.

The Benefits of compliance are to ensure Stability of the international financial system, while Cutting off resources available to terrorists, while also impeding those involved in crime and from profiting from such activities

The Financial Action Task Force recommends internationally endorsed standards. While non-binding, countries are called upon to implement these measures in their national system and are periodically evaluated. Sri Lanka was evaluated in 2015 and listed in 2017 as a grey-list country, following which the EU black-listed Sri Lanka. After taking action, Sri Lanka was removed from the grey-list in 2019.

Of course, it is important that clients are not tipped off when an STR is filed with the FIU.

OBLIGATIONS OF DIRECTORS AND COMPANY SECRETARIES

While financial institutions have been supervised by the FIU and are aware of rules and regulations, other sectors were not as comprehensively covered. This was an area for development identified by FATF evaluators. To address this, in 2018, FIU issued customer due diligence rules amongst other guidelines, as an essential element in the first line of defence. Non-Financial service providers are at high risk of being abused for money laundering and terrorist financing, making them potentially the weakest link in the chain, especially where cash-proceeds from dubious or tainted sources are being introduced into the financial system. They are under scrutiny because criminals have reacted to the AML measures introduced by banks by misusing corporate vehicles to circumvent them. Criminals enlist the services of professionals or Company service providers to aid them in determining the best corporate vehicles for their schemes. Therefore, they are now required by the FIU to follow these guidelines outlined above. Failure to comply carry punitive responses as determined in the courts of law.

“Any person who comes across any information during trade, profession, business or employment of any unlawful activity or money laundering has the responsibility to report it to the FIU.”

There is still need for reaching out to sectors that do not already have awareness and to licensing bodies, by getting to know them and build a comprehensive plan.

Legislative amendments are due. Beneficial Ownership requirement was highlighted during grey-listing and EU blacklisting, and such refinement in the legislation is in the final stages.

The FIU has a close working relationship with the Registrar of Companies, and once ROC is fully digital, the FIU will be able to access relevant information to successfully monitor the movement of finances and funds.

COMPANY SECRETARIES SERVE IN A VITAL POSITION

Company Secretaries by virtue of their mandate, will go beyond being instrumental in providing the services at the time of Starting a company or business. They will also be expected to serve the interests of both the company and the laws of state and for the upholding, even protection, of the applicable principles in financial prudence.

The lacuna in the Company laws with regard to the responsibilities devolving upon Company Secretaries and Directors is currently being addressed in the legislation being drawn up. There will likely be an update shared with Company Secretaries, around December 1st 2021.

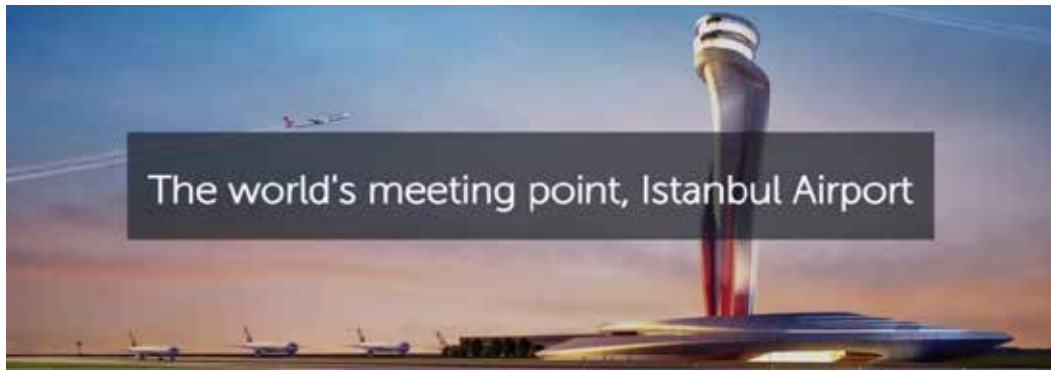
VIGILANCE IN THE TRADE IN STOCKS AND SHARES

Are Foreign nationals who invest in the local stock market and who hope to become shareholders also subject to CDD? Even though there are instances of lapses, the legal framework does require the Due Diligence and Know your Customer provisions to be followed. Both the professional stockbrokers and bond dealers, and also the bank through which the funds are routed or directed, are not exempt from abiding with CDD. With all those provisions due to be installed in the forthcoming legal framework and amendments, the conduit for the information will, of necessity, be the Company Secretary. That role will be crucial if not critical in alerting the ROC, the CBSL, as well as the Stock Brokers and SEC, as to what transactions are taking place which seem to indicate the flow of funds that are deemed questionable in origin or in its purpose.

PEPs [Politically Exposed Persons] can also be an area of concern, especially if they are in high positions and their conduct is suspect. It was discussed that there are limitations on how much information might be forthcoming about individuals in such a list and there are further complications if they continue to remain in the PEP list despite having been moved from one position to another. While that is true, the Banks have accessed websites that provide information, and the same applies with Transparency International, which means can be utilised by Company Secretaries to obtain the details that would help in pursuing information as required.

The Keynote speaker – Ms. Enoka Mohotty was supported by Mr. Chandima Bandara – Senior Assistant Director representing the FIU and Mr. Ayesh Ariyasinghe – Deputy Director representing the FIU

In the conversation that followed the Keynote, the panel comprising Mr. Sanjeewa Dissanayaka – Registrar of Companies; Ms. Averil Ludowyke – Partner, Ernst & Young; Mr. Theja Silva – Company Secretary/ General Counsel, Nations Trust Bank PLC; And Mr. Janath Illangatilleke – Compliance Officer, Hatton National Bank PLC, took part with both questions and discussions conducted on the material and as regards the information provided by the officers of FIU.



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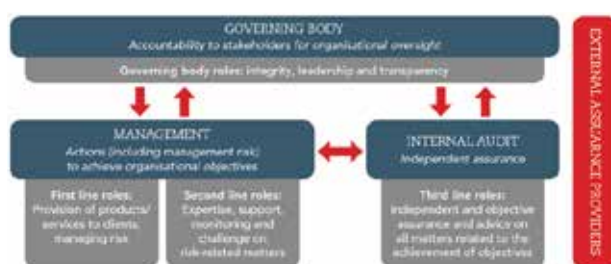
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Brave new world for Company Directors

As new reporting requirements around the world push companies big and small to show stakeholders what they are doing to become more sustainable, accountancy professionals, as guardians of information, can help boards of directors with the risk governance challenges of today's fast, increasingly complex world

By Rachael Johnson, global head of risk management and corporate governance in ACCA's Professional Insights

On the heels of the (COP26) in Glasgow and the IFRS Foundation's formation of the International Sustainability Standards Board in November, accountancy has been given another unmissable opportunity to be more relevant in navigating organisations through the choppy waters we find ourselves in given the ongoing ripple effects from the pandemic and the environmental and social urgencies it has accelerated.



KEY: ↑ Accountability, reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication, coordination, collaboration

Figure 1: The Institute of Internal Auditor's Three Lines Model

The ISSB's purpose is to develop – in the public's best interest – a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs. As more stakeholders demand action, it is becoming more difficult

the biggest risk of all. Companies first need to work out what ESG issues matter most to their activities and ask themselves how they can change these practices to ensure they lead to more positive outcomes. They need to ask how they can be kinder to the environment, for example, by reducing their waste and eliminating plastic and paper. They also need to plan out how to they can do more for making the world fairer and more inclusive. How can they help the communities that they operate in, so the people in their value chains? Foremost this includes their employees and families of their employees, but also customers and third parties. They also need to assess how they chose business partners and new hires, for example, to make sure they adhere to the same values and goals of making the world a better place. Companies have a huge role to play but becoming sustainable and resilient requires strong communication and collaboration with all stakeholders.

for both business and government leaders to hide or avoid environmental, social and governance (ESG) matters and the impact they have on people and the planet. Investors, lenders, manufacturers, consumers, and increasingly more, regulators too, are requiring companies to report and verify how they are addressing ESG risks and their expectations are only intensifying as these existential risks become more material and interconnected.

If companies want to grow their business (and indeed countries, their economies) and gain the resources, top talent and capital needed to innovate and create long-term value, then they need to address ESG issues. Neglecting to do so is

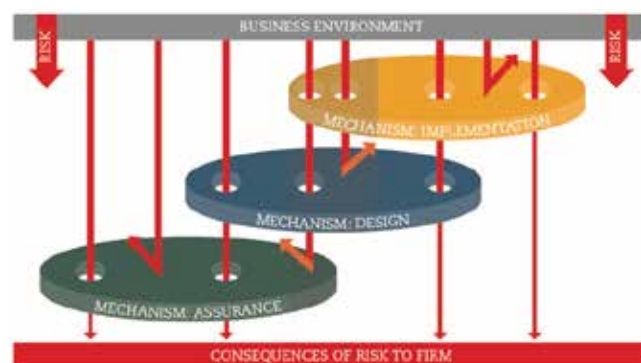


Figure 2: ACCA's Three Modes of Accountability Model

Professional duties

As part of their fiduciary duties, boards of directors must drive the culture, in this respect, forgive the old adage, but set the tone. Boards need to ask what are the ESG considerations that make most sense given the company's line of business and purpose. Company directors must be clear what that purpose is and set a concrete plan for fulfilling it. It also is crucial that they communicate their goals for short-term, medium-term and long-term.

Accountancy professionals whether they are in finance teams, internal audit or part of the board itself are in a unique position to help steer this transition. By setting the Key Performance Indicators (KPIs), Key Risk Indicators (KRIs) that matters most to the individual business, its stakeholders and value chain, accountancy professionals can help senior management and board members – the decision makers – prioritise their strategies and plan effectively for the future step-by-step.

Accountancy professionals need to think of themselves more and more as advisors in helping the decision makers connect the dots because ESG risks are in fact business risks and they have become more intertwined with all financial matters. This requires a high-degree of judgement by all leaders and financial professionals at a time when added uncertainty is making their responsibilities more challenging, and given the varied estimates and assumptions they deal with when it comes to creating metrics for the growing web of intangible risks. Through data and technology, carbon footprints and gender equality are becoming easier to measure.

Evolving regulatory requirements and expectations of reporting on and verifying sustainability matters is only going to make it harder for those companies that are not acting. Lip-service is not enough. Providing assurance is key and this is encouraging companies to also rethink the internal controls that need to be reviewed in accordance with the demand for greater transparency. It ultimately is the responsibility of the board to drive better governance, and make sure

everyone top down and bottom up understands why these accounting standards exist. These disclosures will be the backbone of any sustainability story and for small-to-medium (SME) companies, they need to work together across the firm to get everyone involved and accountable as well as tap on their accountants to help them make sure they are making the most of the information being gathered.

Good governance is the cornerstone of sustainable companies

As companies all over the world face more regulatory changes, rather directly or indirectly as a result of being exposed to a partner's or supplier's regulatory requirements, we cannot underestimate how crucial it is for boards to know inside and out the management's process for managing these changes. This includes the transition to net zero emissions and the approach to managing risk as well as taking advantage of the opportunity that the risk presents. Risk is never the responsibility of one individual or team. It is about building a mindset, fostering a robust culture, and this is where the board's engagement with stakeholders becomes critical, in putting such values and goals at the heart of the organisation while also providing assurance that the information can be trusted and put into practice.

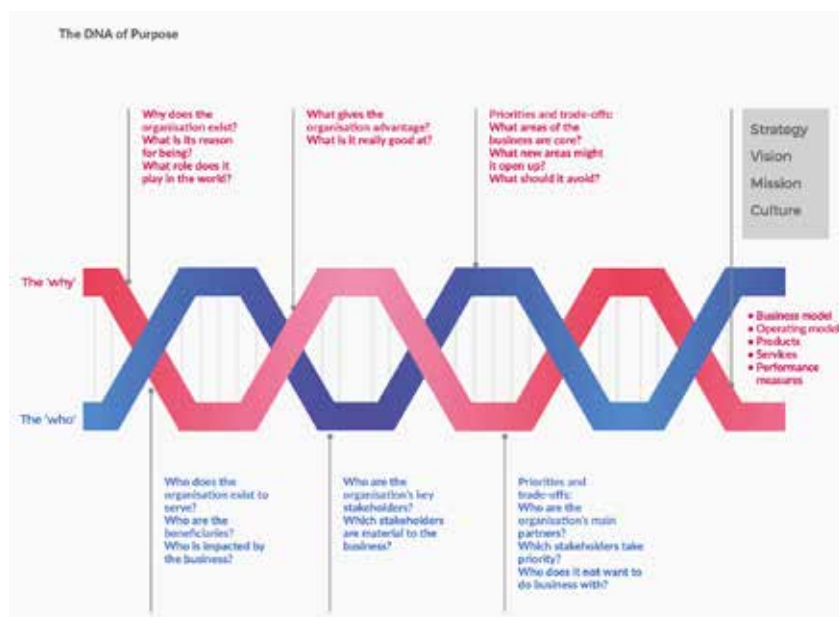
Boards must understand how emerging risks are addressed through the organisation's strategy and investment, who the owner is, are they making well-informed decisions, and how risks are taken into account in disclosures.

The effectiveness of the board really boils down to execution in this regard. Company directors must ensure the right processes and procedures are in place to support activities in all possible scenarios and ensure the organisation is prepared for the consequences of risk, no matter what the likelihood is.

Accountants must be brave in this respect because they need to initiate some of the most uncomfortable conversations in order to collect all the right information, truthful information, that the organisation needs in order to make sound decisions and they need these discussions to be ongoing.

This is where the true tests lie because you can have the best financial statements and audits in the world but if you don't have the relationships and the lines of communications needed to get to the bottom of the issues, then you won't have what it takes to be trusted and therefore valued as a business. Boards need to be present 24/7 and they need to maintain that two-way street

to make sure all questions are asked and accounted for. The relationships between the three lines must constantly be in building and improving mode. Getting to know the people, the stakeholders, is just as important as getting to know the risks. It is a journey.



**Source: 'Road to Repurposing, a report produced by ACCA, Airmic, Crawford, Lockton, and University of Oxford's Said Business School'.*

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Adapting to the new normal



Kushan Samararatne
DGM, Colombo Coffee Company

When the pandemic struck in March 2020, we were unsure what the future holds for us. When the airports were shutting down at the rate of knots, we were unsure how we are going to survive. When our revenues dropped down to less 5% of our normal rates,

it was the worst the company has ever recorded by a country mile since its' inception. It was the darkest days of the company. "However dark the times were, we quickly realized that either we fight the uphill task at hand or simply quit whining about the situation, and we chose the former" stated the Deputy General Manager at Colombo Coffee Company, Kushan Samararatne.

Colombo Coffee Company is the largest total coffee solutions provider in Sri Lanka, as well as the flag carrier for Lavazza coffee, the largest globally recognized brand of coffee. With a proven track record of over ten years of experience and more than 350 clients in Sri Lanka, it is the country's largest coffee supplier to hotels, restaurants, cafés, and workplaces.



"Our business was almost 100% centered around the HoReCa sector and when the pandemic struck, there were no tourists coming in and locals weren't travelling or visiting cafes either and our business almost completely shut down. We were not prepared for such a turn of events and it was honestly head scratching at times, Samararatne stated. However, we quickly realized that if we were to weather this storm, we have to look at different options and brand new ways of generating revenue rather than the everyday channels that we were doing business with. It was out of the box thinking coupled with quick adaptation to a new normal. From been an almost 100% B2B business we quickly changed our approach to a B2C business. We got our products listed in many of the modern trades and developed products suiting to a more domestic market. Focus was quickly shifted from selling more industrial level machines to domestic machines. Aided by many people starting to practice work from home, our focus changed to cater to the domestic needs. During the initial pandemic itself we introduced our own Nespresso compatible capsule range which was the first of its' kind for Colombo Coffee Company. We were never an operations organization but we managed to start in-house capsule manufacturing operation, Samararatne further added.



The most difficult to take was the unpredictability of the second, third and fourth waves that hit the country. When finally things seems to be settling down and business was just starting to blossom, there comes another wave and everything falls back to square one. However, as the pandemic we along we matured as a company and was much prepared to by the time of the next waves. We were ready with our goods been out in almost every possible retail outlet & e-channel and ran a few mobile / temporary locations of famous online food delivery services during pandemic times.

The greatest asset we found during these tough days was the family of Colombo Coffee Company, it's human capital. It wasn't easy for the team to switch from been a B2B oriented organization to a B2C organization in a very short period of time and many had to sacrifice a lot to turn things around. "However, it was so amazing to see how every-one raised their hand and pulled their weight to take the company forward. What this pandemic taught us is that we can't have all eggs in one basket and the importance of having multiple lines of revenue for the sustainability of the business. Our timely strategic decisions coupled with taking new normal and adapting fast while optimizing our costs and processes at all times enabled us to end the worst year of the history of the company with a positive PBT level which for a company that was solely relying on HoReCa sector at the beginning of the year was a huge achievement. What this pandemic did for us is make Colombo Coffee Company even stronger as an organization with multiple revenue lines and as businesses goes back to normal, we would be at a much stronger position. We are a very close-knit community and without the team, we would not have managed to achieve the levels we are at today" the Deputy General Manager finally added.

IFC supports first Sri Lanka Chapter of Women Corporate Directors to promote diversity in boardroom

DailyFT, 03rd December 2021



Supported by IFC, under the IFC-DFAT Women in Work program, this initiative aims to offer a platform for Sri Lankan women board members to share industry expertise while helping the country increase its pipeline of aspiring and qualified female board members.

In Sri Lanka, despite higher education, women are significantly underrepresented in the labour force. Only around one in three women of working age are employed. This gap further widens among senior managers, board members, and business owners. The percentage of women among board members of listed entities in Sri Lanka is also low, compared to South Asian peers such as India (12%) and Bangladesh (17%). According to IFC's latest findings, around 9.5% of board directors on the Colombo Stock Exchange (CSE) listed companies are women.

"Despite the low numbers on women on boards, Sri Lanka has a well-accomplished pool of women directors representing a wide spectrum of industries. In this context, as part of WCD's growing presence in Asia-Pacific, we are delighted to launch our first-ever local chapter in the country," said WCD CEO and Chairman Susan Stautberg.

"As a WCD member, Sri Lankan women directors will have better access to trends and expertise from global economies, helping strengthen their knowledge when advocating for improved corporate governance practices for businesses."

A significant and growing body of research points to the business benefits associated with gender diversity on boards and in senior management, including increased financial performance and productivity as well as improved environment, social and governance (ESG) practices. In Sri Lanka, IFC's research highlighted that the top 30 CSE-listed companies with higher gender diversity perform better in terms of financial measures, including return on equity, return on total assets, and price to earnings ratio.

"Diversity is not just a moral imperative, it also makes perfect business sense," said IFC's Vice President for Asia and Pacific Alfonso Garcia Mora. "The COVID-19 pandemic has demonstrated that companies with better environment, social and governance (ESG) practices and board diversity have been more resilient in recovery."

The launch of the Sri Lanka Women Corporate Directors chapter will be a

significant step in raising the profile of women board directors who help create value for businesses in the country. The demonstration effect of this competitive advantage of having aspiring women board members or senior managers who are 'board ready' is critical to build leadership pipelines for boards.

"Australia has a steadfast commitment to be at the forefront in promoting gender equality and women's empowerment. Through this latest initiative under the IFC-DFAT Women in Work program, we hope to continue our push towards enhancing greater equality and diversity in Sri Lanka's private sector," said Australian High Commissioner David Holly. "I believe that the 16 founding members of the Sri Lanka Chapter of Women's Corporate Directors (WCD) would play a significant role in taking this agenda forward. My congratulations to them."

The Women Directors Forum of Sri Lanka Institute of Directors (SLID) will play a catalytic role in this initiative as the co-chair of the local WCD chapter. In addition, the Sri Lanka chapter will also be supported by KPMG LLP, one of the largest professional services firms and also the oldest chartered accountancy firm in the country.

THE PESSIMIST SAYS EVERYTHING IS CHANGING.

THE OPTIMIST SAYS EVERYTHING IS CHANGING.

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IRONWOOD CAPITAL PARTNERS

Discussion on the New Data Protection Legislation



The Sri Lanka Institute of Directors (SLID) together with the Information Communications Technology Agency (ICTA) arranged a timely discussion recently on Sri Lanka's Personal Data Protection Bill with the participation of an eminent panel of speakers moderated by Anudi Nanayakkara - Legal Officer, ICTA. The panel included Jayantha

Fernando-General Counsel of ICTA and Chairman of the Drafting Committee, Anura De Alwis-Chief Digital Economy Officer, ICTA, Sanduni Wickramasinghe-Attorney at Law & Privacy Professional/ Member of the Drafting Committee, and Thurupathan Vijyakumar-Director/CTO, Aventure (Pvt) Ltd.

Anudi Nanayakkara said that the

“The legislation ensures transparency and accountability in the processing of personal data and balances the interests of enterprises who rely on personal data processing and the individuals whose personal data that are being processed. Those who collect, process data will be tasked with ensuring its security and confidentiality by adopting appropriate security and organizational measures and are also required to meet minimum transparency obligations”

Personal Data Protection Bill is an urgent necessity given the digital strategies adopted by both the private and government sector, and it is of paramount importance to strengthen the governance and administration of personal data.

“The legislation ensures transparency and accountability in the processing of personal data and balances the interests of enterprises who rely on personal data processing and the individuals whose personal data that are being processed. Those who collect, process data will be tasked with ensuring its security and confidentiality by adopting appropriate security and organizational measures and are also required to meet minimum transparency obligations,” said Jayantha Fernando.

In the context of SLID and its stakeholders he said that the draft bill contains specific provisions for imposing fines and penalties and that every person at the time of non-compliance who was a director and other officer responsible with management and control of a corporate body too would be liable and that in terms of risk management and compliances, new obligations are coming in. “We would like to receive legitimate concerns and views of directors and those of SLID and its stakeholders for consideration” he added and said that they are contemplating a time frame needed for implementation with a grace period which could vary from 12 – 20 months.

As to the readiness of SL businesses for this legislation and how the DP Authority could assist, he said that to attract the next wave of digital investments, a strong, independent DP Authority is needed, and that already an expert committee/task force is in place under the line ministry to define the roadmap for implementation of the legal framework and recommend the model for the regulator which is essential to safeguard the rights and freedoms of individuals in the digital era.

Sanduni Wickramasinghe said that adoption should have the buy-in from the directors and be driven by the highest levels of an organization considering the extent of compliance requirements specified in the Bill. “It is important to start the journey early as it would help organizations to be more prepared, understand the resource requirements so as not to be in a rush at the end of the grace period for implementation” she said and added that there is an intrinsic relationship between consumer trust and loyalty and a good data protection program which could lead to competitive advantage.

Anura De Alwis said that while the digital economy contributed to over 35% in China, 11-12% in USA and 10-15% in neighboring tiger economies, the contribution in Sri Lanka was 4.37% which gives an idea of the potential of the digital economy adding that the relevance of data protection will increase as the digital adoption increases. “The DP legislation is a starting point in the digital economy. Many challenges need to be overcome in the journey ahead for successful adoption key amongst them is creating awareness, education, and learning. Grassroot level understanding is important for adoption and the lack of it is an issue with digital literacy. Digital literacy is not sufficient alone but needs to be complemented by digital law literacy which is part and parcel of digital citizenship” he added.

Thurupathan Vijayakumar said that judging by the queries they receive relating to data residency, classification, modern technical aspects etc., most of the larger enterprises are seriously looking into implementing and practicing the provision of the DP legislation and have started implementing the very basic elements of implementation. “Individual organizations and different industries will be in different stages of implementation. We see a good level of leadership and C-level buy-in for DP” he added stating that implementation is a longer journey, and that the legislation has to be battle-tested for example, with regard to data retention in certain emerging technologies.



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SLID Committees and Forums

Committees



Mr. A.R. Rasiah
Chairman
Editorial Committee

The main objective of this Committee is to provide the editorial direction for "The Director" – SLID's quarterly publication. The Committee in consultation with the Editor will monitor the quality of the magazine and establish a panel of contributing writers.



Ms. Shehara de Silva
Chairperson
Advocacy Committee

The Committee will act as the voice of SLID on issues, regulation or policy decisions which affect good governance, directors and business and society. The Committee will also aim to bring a unique governance perspective informed by the insights of our diverse membership on matters forming SLID's advocacy agenda.



Ms. Aruni Rajakarier
Chairperson
Education & Training Committee

The Committee will focus on supporting SLID members with resources for continuous learning and personal development through its programs and events held throughout the year. The Committee will also oversee the BLT program with regular reviews of the course material, delivery methods and introduction of highly experienced resource persons. The main initiatives of the Committee will include:

- a. Developing the business and leadership skills required for Directors in their career roles and responsibilities including the essential practices required for good governance and its application both within and outside the Boardroom.
- b. Partnering with organizations in research initiatives to ensure a regular flow of knowledge to members of SLID to sharpen their skills in the Boardroom, Board dynamics and Board processes drawing from 'best in class' Board practices and shared experiences.
- c. Formulation of educational and training initiatives



Mr. Nuwan Perera

Chairman

Innovation & Technology Committee

The ITC Committee aims to provide thought leadership in Technology and Innovation for boards and executive teams in Sri Lanka. One of the key objectives of the Committee is to assess the innovation and technology requirements of the Institute in order to cater to the evolving needs of its members as well as to provide USPs which will help the Institute in attracting new members. Apart from that the committee expects to build a community focusing technology and other topics of interest to boards, aiming at improving networking opportunities among the SLID membership.

Forums



Mr. A.R. Rasiah

Council Representative

Audit Committee Forum

Recognising the importance of Audit Committees as part of good Corporate Governance, a few like-minded Company Directors took the initiative in mid-2014 to set up the Audit Committee Forum, to help Audit Committees in Sri Lanka improve their effectiveness.

The Forum aims to serve Audit Committee members and help them adapt to their changing roles. Historically, Audit Committees have largely been left on their own to keep pace with rapidly changing requirements in governance, risk management, audit, accounting, financial reporting, digital transformation and other developing areas.

With KPMG as knowledge partner for the Forum, it aims to provide opportunities for members to keep abreast of the latest legislative and regulatory requirements. It seeks to provide best practice guidance to enable them carry out their responsibilities effectively, through expert inputs and discussion. To this end, it acts as a resource to which they can turn for information, knowledge and experience.



Ms. Sitari Jayasundera

Chairperson

Board Secretaries Forum

The Board Secretaries Forum aims to create awareness on the importance of the role of the Board Secretary. Having recognized the Board Secretary as an integral part of the Board governance process, SLID recognized the need to focus on the role and responsibilities of Board Secretaries and this Forum will work towards developing and aligning Board Secretaries to the increasing challenges faced by companies in today's business environment.



Mr. Rolf Blazer

Chairman

CEO Forum

The CEO Forum was launched with the objective of providing CEOs of companies in both public and private sectors with an opportunity to network share experiences and best practices as well as a platform for enhancing their skills, competencies and knowledge to perform their roles more effectively.

The forum provides an opportunity for the participants to develop a deep understanding of their roles and responsibilities for efficient corporate governance both within and outside the boardroom, to sharpen their skills and develop leadership attributes.



Mr. Sunil Wijesinha

Chairman

Chairpersons Forum

The Chairpersons Forum brings together Chairpersons of companies in the private and public sector with an opportunity to interact with one another, share experiences, learn and build the key competencies required to perform their roles effectively.

The Forum aims to help participants understand their role and responsibilities including the essential practices required for good governance as they prepare themselves and fellow Board members to be "Future-ready Boards".



Mr. Imtiaz Esufally

Chairman

Family Business Forum

SLID's Family Business Forum will focus on building appropriate Board leadership and good governance practices in family-owned businesses. KPMG, with its wide global expertise in advising and enabling family-owned businesses will be the exclusive Knowledge Partner to this forum and the two institutions will provide a constructive platform for owners of family businesses to learn from the successes, failures and experiences of one another as well as from shared global experiences. SLID believes this is crucial for the transformation and transition of family businesses as they move from one generation to the next and to a higher league of business operations. The Forum will also provide opportunities for family-owned businesses to gain practical insights on building Board level competencies and to be recognized in the economy through publications, findings and engagements with various stakeholders.



Mr. Ravi Abeysuriya

Chairman

INED Forum

The primary objective of the Forum is to provide a platform for INEDs on the Boards of Directors of listed and unlisted companies in Sri Lanka to understand their roles and responsibilities, share and learn from each other's experiences and discuss issues and problems they encounter in discharging their roles in the boardroom. The Forum further provides INEDs with an opportunity to learn from and engage with those knowledgeable in relevant fields on new legislation, regulations and best practice.



Ms. Aroshi Nanayakkara

Chairperson

Women Directors Forum

The Sri Lanka Institute of Directors (SLID) launched its pioneering initiative the Women Directors' Forum (WDF) recently with the participation of senior and experienced directors from the corporate business sector. In keeping with its firm commitment to fostering good corporate governance and encouraging diversity in the Board, the forum aims at enhancing the number of women Board Directors and ensuring a female leadership pipeline in listed, unlisted, public and private corporate entities in Sri Lanka.



Mr. Anushka Wijesinha

Chairman

Young Directors Forum

The Young Director's Forum (YDF), formed in November 2021, is SLID's first platform for young board directors of all types of Sri Lankan firms - ranging from publicly listed corporates to private companies, and family businesses. Chaired by Anushka Wijesinha (INED - Seylan Bank PLC, HNB Finance PLC and Fairfirst Insurance Ltd) the YDF comprises a working committee of young directors from diverse backgrounds and business experience. The three main areas that the YDF aims to work on in 2022 and beyond are: growing the membership of YDF by reaching out to existing SLID members below 45 years of age as well as beyond; building skills and competencies among young directors to become effective board leaders; forging regional and international partnerships; setting up informal networking and peer learning initiatives as well as mentoring engagements to meet board Chairs.

Secretariat News



SLID and KPMG sign MOU on Family Business Forum

From left to Right - Ms. Pyumi Sumanasekara, Partner KPMG Sri Lanka, Mr. Suren Rajakarier, Partner, KPMG Sri Lanka, Ms. Thamali Rodrigo, Partner, KPMG Sri Lanka, Mr. Reyaz Mihular, Managing Partner, KPMG Sri Lanka, Mr. Faizal Salieh, Chairman SLID, Ms. Radika Obeyesekere, Chief Executive Officer, SLID

The Sri Lanka Institute of Directors (SLID) and KPMG signed a Memorandum of Understanding (MOU) in Colombo early this week under which SLID will launch its new Family Business Forum with a strong focus on building appropriate

Board leadership and good governance practices in family-owned businesses. The Family Business Forum is one of many other forums created by SLID to enable interaction, engagement, experience sharing and knowledge building among current and aspiring directors.

KPMG, with its wide global expertise in advising and enabling family-owned businesses will be the exclusive Knowledge Partner to this forum and the two institutions will provide a constructive platform for owners of family businesses to learn from the successes, failures and experiences of one another as well as

from shared global experiences. SLID believes this is crucial for the transformation and transition of family businesses as they move from one generation to the next and to a higher league of business operations. The Forum will also provide opportunities for family-owned businesses to gain practical insights on building Board level competencies and to be recognized in the economy through publications, findings and engagements with various stakeholders.

The MOU was signed by Faizal Salieh, Chairman - SLID and Reyaz Mihular, Managing Partner, KPMG Sri Lanka. Speaking soon after the event, Salieh said "We are seeing a growing number of directors and aspiring directors from family businesses knocking on our doors for membership. This forum will enable them to meet their aspirational needs for learning and growth, experience sharing and competency development" Our aim is to help build Better Directors, Better Boards and Better Companies in every sector of business.

Reyaz Mihular - Managing Partner, KPMG said "Through conversations with business families, KPMG professionals are finding that many are looking to regenerate their businesses, families and social and environmental commitments to achieve both financial and non-financial ambitions. In align to these thought process KPMG is excited to help family businesses to evolve and is proud to be the 'Knowledge Partner' for the Family Business Forum in partnership with SLID"

KPMG Sri Lanka Family business unit is led by Ms. Thamali Rodrigo, Partner, Head of Corporate Governance and Enterprise Advisory, mentioned that "Family businesses are the backbone of an economy. It is the family-owned businesses which can overcome any economic challenge. However, families in businesses should have plans to sustain family support for the business. It is challenging. Hence it is critical as an economy to focus on sustaining family-owned businesses through right advice and discussion. Forums such as SLID will facilitate this very critical need and we are excited to be the knowledge partners"

**Farewell
lunch
hosted by
outgoing Chairman,
Mr. A.R. Rasiah to
staff at
Colombo Club**



Directors' Rights, Duties and Liabilities under the new Securities and Exchange Commission Act



This special program held on December 1st, 2021 is part of the value addition that is brought to bear among the membership of SLID and which, in turn, will benefit the community and the corporate environment in this country, by discussions and awareness being generated among the emerging leaders in the boardrooms in the interest of 'best corporate governance'.

SLID enjoyed the partnership of Asian Pathfinder Legal Consultancy & Drafting Services. The panel comprised Dr. Dayanath Jayasuriya PC- formerly Chairman of Orient Finance Company Ltd., he is a Fellow of the International Compliance Association UK, and is an Honorary Fellow of the Society for the Advanced Study of Law, UK., and has served as Director General and Chairman of the SEC Sri Lanka; and Mr. Malik Cader, former DG-SEC Sri Lanka and formerly Senior

Advisor on Capital Markets, Ministry of Finance. An attorney of Law he has had a long tenure within the Securities and Exchange Commission. Currently he offers consultancy as Head of Legal Consultants, which organization has a focus on Securities, Insurance Laws, Investments and specialises in drafting of international contracts.

In his presentation Dr. Jayasuriya focussed on the 'new' act Number 19 of 2021, which is a revision of the

previous Act No. 36 of 1987. Some of the notable additions among the clauses is – “to create, maintain and regulate a fair orderly, efficient and transparent securities market”; and also included is the clause – “to protect the interests of local and foreign investors;” [Italics added]

There are prevalent laws and four regulatory approaches that are observed and applied in the international world of business, some of which are known to be ‘merit regulation’ requiring abiding with rules and legal provisions dictating how companies are to function, another method required disclosure of all information relevant to an enterprise which will allow investors to examine the evidence as they decide to invest, and also ‘self-regulation’ as abided by certain countries. Dr. Jayasuriya opined that the new SEC Act and regulations can be described as ‘overkill’ with very strict regulations and penalties in force for any lapses.

For Directors duties, there are generally accepted ethical and legal responsibilities that devolve as prescribed in the Companies Act, The SEC Act, The Central Bank regulations pertaining to Finance Companies and Banks, then there are the Colombo Stock Exchange rules relevant to listing of businesses, and also the precedents in the judgement in the courts of law and cautions against money laundering. Every provision impacts on Corporate Governance and Norms; Ethical Principles; Integrity and Standards.

Attention was drawn to a detail such as the Act going beyond an individual Director, in determining whether ‘a person is acting in concert’ in a takeover or merger situation, and, the text of the act declares “a company with any of its directors together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts” as relevant. Although there is no clear definition of the terms ‘close relative’ and also that this kind of terminology is new in the regulatory framework in this country, there appear to be phrases that offer some insights, such as “relation” means a parent, spouse, child including step-children, brother or sister including step brothers or step sister of that person or the spouse of a child of that person”. The term ‘step-brother’ etc., is also unfamiliar in any previous act or regulatory provision. This clarity perhaps is beneficial in the overall.

Withal, the Directors of a Company are expected to act within the powers of the company’s constitution, resolutions and agreements. And also ‘promote’ the success of the company. Thus, Directors always need to act in good faith. Further on the subject of promoting the interests of the company, there are widely accepted expectations such as exercising independent judgement, reasonable care, skill and diligence while avoiding conflicts and not accepting benefits from ‘third’ parties. The Directors are also meant to declare interest in proposed or existing transactions or arrangements within a company.

Directors are expected to exercise caution as regards Insider trading, Market Manipulation, False Trading, Market Rigging, Securities Fraud, False and Misleading statements, fraudulently inducing persons to deal in securities, and also not use manipulative and deceptive devices. While these general principles were adhered to previously, the currently introduced act specifically mentions all

of these requirements. Dr. Jayasuriya provided a fairly comprehensive list of 25 cautionary provisions to prevent a Director being guilty of contravention of the regulations in the act; some of these are- to know your staff, colleagues and suppliers to ensure that none are susceptible to misconduct; Take care outside of the office with regard to social events and overconsumption of alcohol which might lead to sensitive and confidential information being leaked, while also ensuring Data protection when not present in the office; Have a robust scheme for Whistle Blower protection; and also to Have ‘information security systems’ in place even ensuring that acting roles/appointments are also monitored. Furthermore, any concerns must be promptly reported; detecting suspicious activity among colleagues by analysing work history at the time of their being considered for jobs; Remaining vigilant with regard to trades that fall outside of the normal buying patterns. This vigilance will assist in recognizing the imminence of a hostile take-over bid; and all communications that are to be published, must be reviewed.

It is also recommended that a well-trained Compliance officer is employed, and record-keeping is vital, minutes must clearly record all details including dissent; compliance reports must be checked regularly by the Board and if contraventions have taken place then remedial action will need to be taken without delay.

All Directors must know what their duties and responsibilities are. Due diligence must be conducted at all times with proper KYC documents accurately maintained. They have to exercise their own responsibility to conduct their activity as stipulated and agreed. Notably, due compliance with deadlines is a must; Board papers have to be submitted well ahead of time and supplementary papers must not be circulated at the time of meetings. But the regulator does not have to be the ultimate arbiter- if there needs to be recourse in the courts of law to challenge decisions, then such recourse is appropriate and just. One can even make representations through SLID or other trade associations when consultation papers are issued.

Punitive measures have been prescribed in the new act for those proven guilty, and prosecution shall be instituted and conducted by the Attorney General. Where proven, those guilty of contravention of the regulatory laws and rules a fine of not less than LKR 10 million or imprisonment of a term not exceeding 10 years or both, is legislated.

The speaker also indicated that there are some challenges and anomalies that remain even with the strict measures in the new act. Included are the application of applicable laws in the new Colombo Port City and also the absence of a level playing field due to political or other patronage or influence.

Mr. Malik Cader remarked that this new Act which has been passed into legislation could catch the corporates unawares and into serious trouble were they to contravene the elements that are included in the fresh document. He averred that these laws and regulations will benefit the Capital market and assure that there will be proper corporate governance. As an example of the strictness with which such governance will be executed, he shared

this clause S 68 (1) Notwithstanding the provisions of the Companies Act, No 7 of 2007, a person shall not accept appointment, reappointment, election or re-election as a director, chief executive officer or chief regulatory officer of a market institution except with the prior approval of the Commission” – which exemplifies the need of vigilance by Directors. Alongside this, it also appears mandatory that agencies such as Stockbrokers will also need certification and approval, to qualify them to serve their clients and companies. Mr. Cader felt that such elevation of standards as prescribed, there will be better governance and thereby, attraction of Foreign Investors- his particular focus lay on Clause 89 (2) The Directors or Chief Executive Officer of a listed public company shall comply with the fit and proper criteria specified by the Commission by rules or in the rules of an exchange approved by the Commission. His plea is that the word ‘or’ be replaced by ‘and’, thus ensuring that transparency and fit appointments can be better assured with that standard and level of responsibility.

Notably, the new Act places an onus on the auditor to go beyond the customary role of analysing the accounts and ascertain profit and loss, to also take on the role of investigator were he or she to note non-compliance with the law, and after the board of Directors have been alerted to the disclosure and if rectification has not been affected according to the specified timeline, then such breach will be brought to the notice of Commission. This added feature will necessitate the Directors being aware of such a role by the auditor and to cooperate.

The new regulations also empower the SEC to stop issues, allotment or offers, if there is any factor that indicates non-compliance and also if the information provided is false or misleading. On another tack, it was observed that the definition of Insider Trading has been given a wide interpretation and even stockbrokers have to exercise their professional skills with regard to the handling and sharing of information and when offering advice to their clients. The strict compliance is also applicable to service providers such as audit assistants, publishers of documents and books or booklets, and those preparing prospectuses etc., where the clause states, “The Commission shall be entitled to seek information, clarification or explanation from supplementary service providers in

relation to professional services carried out in respect of a market institution.” The Commission can also prevail upon the court to impose injunctions and other action, even to the issuance of travel bans, where it is alleged that contravention has taken place.

In the discussion that followed, moderated by the Chairman of SLID, Mr. Faizal Selieh, the response to the question as to whether these strict rules would compare unfavourably against Regulatory provisions in other countries, and if such as is promulgated in Sri Lanka in 2021 might stifle the Capital market, the panellists said that it would depend very much on the actual implementation by the SEC and how matters of contravention are interpreted. He also mentioned that Singapore and Malaysia abide with a ‘softer touch’ and encourage self-regulation, and that has been a generator of investments in the Capital markets in those jurisdictions.

India has adopted certification criteria to establish competencies of appointed Directors among listed companies, and the question was asked if the persons who are deemed fit and are measured on the usual criteria of soundness of mind, honest and truthful and with a sound reputation, should have the criteria extended as they do in India. The answer was that it would be proper for listed companies to have Boards where the Directors are proven.

The conversation also dealt with the subject of Insider Trading, and it was notable that the current ‘net’ is able to capture far more of those that contravene the provisions in law, and that includes individuals who may not have direct connections with a listed company. In that sense, the law is far stricter than before. The result is that there is a higher level of integrity in ensuring a level playing field in the market place. All prospective investors should have and will have the same information as published without any ‘tippys’ being able to peddle influence. This also implies that Boards have to make certain that codes of conduct as relevant to preserving confidential information as ‘confidential’, and in that, Directors are duty bound. Competency and integrity override any sense of privilege or prestige in holding a post in a listed company when discharging their professional responsibility, since a Director has to be exemplary, and this new Act is compelling in that regard.

Making Sri Lanka a Technology Hub

The CEO Forum of The Sri Lanka Institute of Directors (SLID) together with the International Chamber of Commerce (ICC) recently organized a webinar to deliberate the strategies and actions required to boost economic growth and achieve Sri Lanka's Vision 2025 of positioning itself as a technology hub in the Indian Ocean. Hon. Namal Rajapaksa - Minister of Youth & Sports, Development, Coordination and Monitoring and State Minister of Digital Technology & Enterprise Development, and Hon. Rama Rao - Minister of Municipal Administration & Urban Development, Industries & Commerce, and IT of Telangana, India were the keynote speakers. Nisthar Cassim-Founding Editor/CEO, Daily FT and Jeevan Gnanam-Group CEO/Founder, VeracityAI/ Digital Reality moderated the eminent panel comprising of Dr. Hans Wijayasuriya-Group EVP & CEO, Telecommunications Business of Axiata Group, Prof. Mayur K. Patel-Professor, Computational Science & Engineering and Director-Partnerships & Internationalization, Univ. of Greenwich UK, Prof. Harin Sellahewa-Dean of Computing, Law & Psychology, Univ. of Buckingham UK, Ms. Shrimathie Shivashankar-Corporate VP and Program Director for New Vistas, HCL, Dr. Haren Sam-Head of Territory, New Zealand, AWS, Steve Landman-Founder/CEO, Kiu Global, Oshada Senanayake-Chairman ICTA and DG, TRCSL and Michael MacDonald-Chief Digital Officer/Executive Consultant, Huawei AP.

Hon. Minister Namal Rajapaksa stated that the policy manifesto of the President "Vistas of Prosperity & Splendor" mentions the importance of a digital inclusive Sri Lanka and the key specific objectives to be achieved during his tenure and that it is planned to name 2022 as the Digital Year. "Sri Lanka will draft policies allowing transactions with digital currencies, focus on empowering communities with digital education and build a digitally inclusive Sri Lanka. Inclusion should be the heart of digital transformation. We need to enable

and embed inclusive objectives in internet access, digital skills, digital financing, and ecommerce, the 4 core foundations of the digital economy. The entire education system will be digitalized and necessary knowledge, training and infrastructure will be provided to schools, teachers, and parents. To remain competitive globally technology must be integrated with every sector of the economy be it agriculture, industry or services" he said.

Hon. Minister Rama Rao said that the value of human capital available is one of the main reasons considered by large corporations in the world to set up their massive offices and R&D centers in Hyderabad and Telangana. Over the last 2 decades their evolution from a tech perspective has been from a back office to being a backbone, driven by a systemic effort on education which created a massive talent pool as well as a very conducive environment for attracting investments with a high level of ease of doing business, and most importantly the ability to adapt to changing times, technologies and needs has helped them to stay ahead of the curve. "Innovation can be an area where Sri Lanka can excel as a lot of youngsters are exposed to the world with technologies and can take pride in coming out with their own startup" he added.

"One of the key challenges is broadband coverage which is currently being addressed and the budget has approved to connect 10,000 schools via fiber optics. Many regulatory changes are required to enable large tech companies to invest in Sri Lanka and many policy decisions are being taken. The legal framework such as Cybersecurity, Data Protection are to be presented to parliament. We have a roadmap and the commitment from the President, Prime Minister and the Cabinet, and the government is very clear on the digital transformation of the government sector. The finance minister has focused the budget on the 3 pillars" said Hon.

Minister Namal Rajapaksa responding to questions from the moderator.

Dr Patel said that the education system in Sri Lanka has had a long gestation period and changes in education is required to support the digital transformation and tech hub status of Sri Lanka and added that the young generation needs to be educated and enthused very quickly. "The talent pool is not just in Colombo or big city hubs, it is right across the country. You need to connect them affordably and inclusively. Young people need to think freely to come up with the technology and innovation that is needed for the future"

Prof Sellaheewa said that the most important factor to achieve the hub status is the human capital, highly skilled thinkers and that Sri Lanka must focus on how to keep them in the country. "Over the next 2-5 years Sri Lanka would face a big challenge of highly skilled thinkers wanting to move out as there are so many opportunities out in the world. It is all about quality of life and not just having a job. Since Sri Lanka is a beautiful place, you can attract and keep the right talent. The right environment is crucial".

Ms. Shivashankar said that reforms should be brought in for bigger universities to move away from the typical norm of 4 years of education and putting people to jobs and move into work integrated higher education and that students should be molded early, they should earn, learn and continue to learn.

Michael MacDonald said that the country should be willing to invest in infrastructure and there are some real opportunities to leapfrog some technologies to connect communities and bridge the digital divide in a more effective way.

Steve Landman said technology, knowledge transfer is one of the biggest components for a place, country to thrive. What countries like Vietnam do very well to escalate rapidly is that they send people overseas to work for large tech companies who then come back because they see an opportunity to improve lives of the people in their own country. From a policy standpoint, Vietnam allows 5 years tax holiday for startups and to encourage FDI.

Dr Haren Sam said that AWS looks at 3 pillars when building ecosystems across the world which are infrastructure, skills, and innovation to solve problems and building experiences that matter. "We work backwards from the problem to the solution and encourage building brands which transcend the boundaries of the country".

Dr Hans Wijayasuriya said that the concept of a hub itself needs to be understood very clearly in the context of exponential changes in the tech landscape. "A hub in the past is where we think of some degree of physical manifestation such as asset heavy physical infrastructure which draws people to it to enable or consume services. This might transform into a complete virtual situation where the dimensions or critical factors of success would be very different to those in a physical context. This is an opportunity for smaller countries as when you move from physical to virtual, the disadvantage of scale, legacy goes away and you can truly be a citizen of a very flat world enjoying plural

access, likewise talent from everywhere else would have access as well" citing Uber, Airbnb as hubs for transportation and accommodation globally.

Oshada Senanayake said that the panel resonated Sri Lanka's way forward very well. "We need to look at the key elements of digital transformation. We need to change our perspective from a tech 1st approach to a citizen experience 1st approach for digital government and transform certain aspects of citizen services. As a country now we have an institutional framework in place with a Ministry of Technology under which we have key strategic organizations consolidated with TRC focusing on connectivity, ICTA focusing on driving the common agenda and the overall digital transformation strategy, CERT coming into bring the cybersecurity readiness of the country. According to the ITU, Sri Lanka's fixed broadband and mobile broadband affordability of internet is ranked 20th and 13th respectively and mobile voice is ranked 7th globally. Digital inclusivity is all about affordability, accountability, and digital skills. While we boast of a high literacy rate in Asia, we need to focus on digital literacy and the human capital pillar. A lot is being done to develop the startup ecosystem as well" he added stating that they are well on course in setting Sri Lanka as a tech hub with a value proposition that will set us apart from other destinations.

"Sri Lanka will draft policies allowing transactions with digital currencies, focus on empowering communities with digital education and build a digitally inclusive Sri Lanka. Inclusion should be the heart of digital transformation. We need to enable and embed inclusive objectives in internet access, digital skills, digital financing, and ecommerce, the 4 core foundations of the digital economy. The entire education system will be digitalized and necessary knowledge, training and infrastructure will be provided to schools, teachers, and parents. To remain competitive globally technology must be integrated with every sector of the economy be it agriculture, industry or services"

"As a regulator we have to be an accelerator and a catalyst for digital transformation. From an accessibility perspective, as a country we are looking the Digital Nomad program to leverage on the tremendous environment we can have to pivot around the new phenomena of remote work which requires new communications technologies. They will not be traditional workplaces, they will work from exotic locations in Sri Lanka cut across the island which will require universal connectivity and SpaceX, OneWeb has a tremendous opportunity to bring that element into the country. Once we activate and orchestrate these ahead of the curve facilities and technology, its just a matter of leveraging them whether it is private or public sector. There is tremendous momentum that has been created moving forward. We also have a tremendous geo advantage in terms of satellite enablement due to the expanded contact points based on our positioning. These are some of the key imperatives we need to leverage as a country, and we are well on our course to reach them" he further stated in response to the question of what the private sector can expect from the exponential game changers for Sri Lanka" he further added.

NEW Members

Mr. Andrew Perera
Managing Director
KIA Motors Lanka Ltd



Mr. Dhanushka Fonseka
Director/COO
Mercantile Investments &
Finance PLC



Mr. Dinuk De Silva Wijeyeratne
Director
Certis Lanka Courier Services (Pvt) Ltd



Mr. Geeshan Wijenayake
Regional Head - USA, EU & Africa
BoardPAC (Pvt) Ltd



Mr. Mevan Fernando
Head of ICT
SPAR SL (Pvt) Ltd



Mr. Sivakumar Velupillai
Director/CFO
DKW - Aqua International (Pvt) Ltd



Mr. Yasendra Amerasinghe
Director/CEO
Carmart (Pvt) Ltd



Ms. Punya Nanayakkara
Director
Nelna Farm (Pvt) Ltd



Ms. Saraswathie Poulraj
Senior Manager-Company Secretariat
Seylan Bank PLC



Mr. Kalyana Dhirasekera
Director - Research & Development
Flex Film International (Pvt) Ltd

NEW Members

Ms. Hansani Bandara

Operations Manager
Voigue (Pvt) Ltd



Mr. Inok Perera

Senior Relationship Manager
Branch Credit Management
DFCC Bank PLC



Mr. Udaya Sirisena

Director
DKW - Aqua International (Pvt) Ltd



Mr. Lasith Senanayake

Director/CEO
Swedish Trading Company Ltd



Mr. Chavinka Sumanatilleke

Director
Inventive Polymers Lanka (Pvt) Ltd



Ms. Sharika Senanayake

Director - Environmental Sustainability
MAS Capital (Pvt) Ltd



Mr. Asanka Nanayakkara

Director
Nelna Agri Developmetnt (Pvt) Ltd



Mr. Sadiq Omar

Director
Brandix Lanka Ltd

DEATH ANNOUNCEMENT

It is with deepest sorrow we announce the demise of
Mr. Rohan Tudawe, a valued member of the
The Sri Lanka Institute of Directors, who will be dearly missed.

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