SLID THE SRI LANKA INSTITUTE OF DIRECTORS

The Director

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Annual Members Meeting - 2023

The
Director

Contents

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The Annual Members Meeting of The Sri Lanka Institute of Directors was held on 29th June 2023 at Cinnamon Grand, Colombo in the presence of approximately 200 members and invitees. Hon. Ranil Wickremesinghe, President of the Democratic Socialist Republic of Sri Lanka graced the event as the Chief Guest together with Prof. Maithree Wickramasinghe. His Excellency Denis Chaibi, European Union's Ambassador to Sri Lanka & Maldives was the Guest of Honour.

The meeting commenced with the outgoing Chairman Mr. Faizal Salieh addressing the gathering.

Ms. Aroshi Nanayakkara was elected as the new Chairperson of SLID, together with Mr. Dinesh Weerakkody as the Senior Vice Chairperson and Mr. Dilshan Rodrigo as the Vice Chairperson.

The Sri Lanka Institute of Directors extends a warm welcome to our Chairperson Ms.Aroshi Nanayakkara and the elected council members.

Governing Council 2023-2024

Aroshi Nanayakkara
Chairperson

Ms. Aroshi Nanayakkara is the CEO of the Global Consulting Company and a dynamic leader in the field of Strategic Planning, HR and Risk Management having gathered extensive experience through her 25 plus years in multinationals as well as some of Sri Lanka's prominent blue-chip companies.

She serves on the Board of Sampath Bank PLC and is an Independent Non-Executive Director of Asian Hotels & Properties PLC. She has worked in the banking, financial services and manufacturing sectors and was formerly an Independent Non-Executive Director of Siyapatha Finance PLC and Sampath IT Solutions (Pvt) Ltd as well as a Director of Delmege Interior Décor (Pvt) Ltd.

Ms. Nanayakkara holds a BSc. From the prestigious Massachusetts Institute of Technology (MIT), Boston, USA in addition to a MSc. from the London School of Economics (LSE). She also holds the professional qualifications of ACMA and CGMA from the Chartered Institute of Management Accountant (CIMA), UK.

Dinesh Weerakkody
Senior Vice Chairperson

Dinesh Weerakkody is Chairman of BOI and Port City Commission. He is a former Chairman of Hatton National Bank PLC , Commercial Bank of Ceylon PLC, the Employees' Trust Fund Board of Sri Lanka, the International Chamber of Commerce Sri Lanka, the National Human Resource Development Council of Sri Lanka. He was also an Advisor to the Prime Minister of Sri Lanka,

He was also the Chairman of the Government -appointed Committee to review the Banking Sector and NBFI consolidation and the Committee appointed to review the budgetary allocation for Education. He is also a former Director of DFCC Bank , Hemas Holdings PLC and Ceylon Tobacco PLC.

Dilshan Rodrigo
Vice Chairperson

Mr. Rodrigo possesses over two decades in banking experience and is the Executive Director / Chief Operating Officer of Hatton National Bank PLC. He provides administrative leadership to Finance, Credit, Operations, Risk Management, Banking Services, Compliance and Internal Audit functions. He is overseeing the cross functional teams involved in improving governance and compliance by serving in several Board and Management committees in the Bank. Mr. Rodrigo holds a MBA from Cranfied University UK, FCMA UK and FCCA UK.

Faizal Salieh
Immediate Past Chairman

He is presently the chairman of the Securities and Exchange Commission of Sri Lanka.

A First Class Honors University Graduate in Economics specialized in Banking & Finance, MBA and FCPM. Has long and extensive experience in commercial and development banking both in Sri Lanka and overseas and has held top management positions in global and local banks Corporate Sector experience is over 40 years, including over 20 years at the Senior Management level; 14 years at MD/CEO level and over 30 years at Board level. He is an IFC certified Board Leadership trainer and has extensive experience in teaching at State Universities at the postgraduate level.

Aruni Rajakarier
Council Member

Aruni counts over 25 years working experience as a finance professional, over 10 years' experience as a Board member of public listed companies and is the Founder/Director of SheConsults (Pvt) Ltd., a consulting company specializing ESG Reporting. She serves on the Boards of Morison Limited and John Keells PLC as an Independent Director and Chairperson of the Audit Committees. She also serves on the Council of Sri Lanka Institute of Directors. Prior to this, she served on the Board of NDB Capital Holdings Ltd. (formerly NDB Capital Holdings PLC) as an Independent Non- Executive Director, the Chairperson of the Audit, Risk and Compliance Committee and the Remuneration Committee and a member of the Investment Committee.

Ravi Abeysuriya
Council Member

Mr. Ravi Abeysuriya currently functions as an Independent Non-Executive Director of Seylan Bank PLC, HNB Assurance PLC, and Colombo City Holdings PLC & Bio Foods (Pvt) Limited and Director/CEO of Senfin Securities Limited. He is also the Advocacy Chair and Board Director of CFA Society Sri Lanka. Formerly, he was the Head of Strategic Business Development at Hayleys Group, Managing Director of Amba Research Lanka and Managing Director of Fitch Ratings Lanka.

Mr. Abeysuriya is a Fellow Member of the Chartered Institute of Management Accountants, UK, Chartered Global Management Accountant, USA and a Chartered Financial Analyst, USA and has an MBA from Monash University, Australia.

Mr. Abeysuriya was named as "Lifetime Achievement" award laureate by CFA Institute, USA in 2017

Manohari Abeyesekera
Council Member

Manohari Abeyesekera was an Independent Non-Executive Director/ Chairperson -Audit Committee of the National Savings Bank (NSB), which is Sri Lanka's largest State Owned Savings Bank and its fully owned subsidiary NSB Fund Management Co. Ltd. She serves as an Independent Non-Executive Director of Kapruka Holdings PLC and Council Member of The Sri Lanka Institute of Directors.

Previously, Manohari served the Hayleys Group in multiple leadership roles in her 18 year stint (Year 2002-2020). She was attached to Hayleys PLC, the parent company, and served as the Head – Strategic Business Development until May 2019. She was responsible for the Group's acquisitions exceeding US $ 200 Mn, listing subsidiaries in the Colombo Stock Exchange and restructuring loss making entities.

Charaka Perera
Council Member

Charaka has a career spanning over 26 years in Automotive, Construction and Pharmaceutical industries. He is a Board Director and is also the Chief Operating Officer of Stafford Motor Co. (Pvt) Ltd. Under his direction, the company reached market leadership in the two wheeler industry of Sri Lanka achieving over 40% market share.

He is a Fellow Member of CIM UK, a Chartered Marketer and has an MBA, from the ICFAI University, India. He holds a Diploma in Finance Management from the University of Wigan & Leigh U.K. & he is a Graduate Member of the Sri Lanka Institute of Directors.

Charaka is the current Chairman of the CMTA (Ceylon Motor Traders' Association) and is a Committee member of the Ceylon Chamber of Commerce as the CMTA representative.

Rolf Blaser
Council Member

Leader in a variety of Industries such as Healthcare, Retail, FMCG and Consumer Electronics. His accumulated work experience in Switzerland, Germany, France, Benelux and since 2008 in Asia, makes him an expert in cultural diversity. Routed in Sales, Marketing and Retail he has become a successful leader with proven track record.

Rolf is also entrusted with Board Membership of the Sri Lanka Institute of Directors. He further serves on the Advisory Board of the Luxury Connect Business School India and the International Advisory Board of the Genesis Foundation India.

Chathuri Munaweera
Council Member

Chathuri is the Chief Executive Officer / Executive Director / Principal Officer of AIA Insurance Lanka Limited (AIA Sri Lanka). Her appointment as CEO was effective from 01 May 2022. She was most recently the Director Legal & Chief of Operations of AIA Sri Lanka responsible for Life Operations, Corporate Law, Company Secretarial and External Relations.

Chathuri is a lawyer with Bachelor and Master's Degrees in law and holds, 'ICA International Diploma in Compliance (Graduate)', International Compliance Association, University of Manchester, Manchester Business School, United Kingdom. Chathuri was recently recognised by the International Finance Corporation (IFC) as one of 16 trailblazers who are driving gender equality in Sri Lanka. She was recognized for AIA Sri Lanka's efforts in creating a gender smart workplace while working towards gender parity and increased female participation. Chathuri is the first Sri Lankan CEO appointed by AIA Group Hong Kong to lead its Sri Lankan operations and is also the Company's first female CEO.

Gihan Cooray
Council Member

Gihan Cooray was appointed as Group Finance Director of JKH on January 1st 2018. He is the Chairperson of Nations Trust Bank PLC and is an Executive Director of JKH since November 2016.

Mr. Cooray holds an MBA from the Jesse H. Jones Graduate School of Management at Rice University, Houston, Texas. He is an Associate Member of the Chartered Institute of Management Accountants, UK, a Certified Management Accountant of the Institute of Certified Management Accountants, Australia and a Diploma holder in Marketing from the Chartered Institute of Marketing, UK. He serves as a Member of the Sub-Committee on Economic, Fiscal and Policy Planning of the Ceylon Chamber of Commerce.

Economic confidence rebounds as fears fade over 2023 recession

Latest economic conditions survey from ACCA and IMA paints a brightening picture

Economic confidence is rising across the globe as clear signs of business improvement emerge.

While the Q1 2023 Global Economic Conditions Survey (GECS) shows confidence lower than a year ago, it rose for the third consecutive quarter as fears fade over the prospects of a recession in 2023.

This better news is underlined by the two GECS "Fear" indices which reflects respondents concerns that customers and/or suppliers may go out of business. Both these series improved on Q4 2022. Indeed, worries about suppliers have fallen to the lowest level since 2020. And although new orders have flatlined this quarter, the survey showed improvements in both employment and capital expenditure (capex).

Although with Central Banks still raising interest rates and the delayed effect of monetary policy tightening on the real economy, as well as recent challenges in the banking sector, it may be premature to sound the "all clear."

Jamie Lyon, head of skills, sectors and technology at ACCA, said: "The global economy entered 2023 with more momentum than many had expected. Confidence has risen as business comes to terms with the fallout from the Russian-Ukraine war. The economic climate has been helped by a faster-than-expected relaxation of China's zero-COVID policies, and more normal energy prices in Europe, that should help to reduce headline inflation and may bring about a pause in Central Banks' tightening of monetary policy, but there are still some downside risks that may prevail."

Loreal Jiles, vice president of research and thought leadership at IMA, said: "Looking at the change in the GECS Confidence Indices over the quarter, what stands out is the 30-point improvement in Confidence in Western Europe. However, this good news was not limited to Europe; Asia-Pacific, North America and South Asia also registered an improvement. This was a broad-based pick-up, with the exception of Africa and the Middle East."

Although Global New Orders are flat-lining, one factor sustaining the rebound in Confidence may be the decline in the level of concern about "increased costs." Cost pressures look like they may have peaked, although they still remain well above the median recorded over the survey's history. Commodity prices remain subdued, and Europe has benefitted from natural gas prices returning to levels seen before Russia's invasion of Ukraine.

Global confidence has edged up for the third consecutive quarter, not only because cost concerns have eased, but also because worries about accessing finance and securing prompt payment have declined.

Indeed, reports of problems with prompt payment fell to the second lowest level in the survey's history. The improved macro conditions also appear to have encouraged companies to revisit their capex and hiring plans.

When asked how they planned to respond to the changing economic environment, the net balance of companies planning to increase investment in capital and staff rose on the quarter, as did the net balance of companies planning to increase job creation.

This is something of a surprise given the rapid tightening of global monetary policy by the world's Central Banks. The past 12 months have seen the most aggressive simultaneous tightening of policy in more than 40 years in terms of pace, scale, and breadth. It is curious that this has not yet had a material impact on financing conditions and corporates' capex and hiring intentions. But monetary policy works with long and variable lags, which suggests that this could still become a problem later in the year.

Read the full GECS Global Economic Conditions Survey: Q1 2023 | ACCA Global

Editorial

Corporate Governance

Corporate Governance has for more than two decades been the “buzz” word in the corporate world and yet Today it has come to be regarded “Governing the Corporate”. As we go through a phase of serious challenges in our country, it will be good to reflect on the contributory causes. Corporate Governance was meant to ensure the maintenance of ethical standards, and sound procedures and practices.. Another simple way to look at is “doing the correct thing in the right way”. To illustrate, in a cricket match, the captain of the fielding side was caught encouraging ball tampering by his team members. He apoligised which was the correct thing. Then he went on television and apoligised in public, for millions of viewers to see-which was the right way.

There was indeed a time when honesty, integrity, ethical standards were the norm of the day. This culture was prevalent in corporates also. However these practices began to slide towards the end of the last century. At the dawn of the new millennium, the scandalous fraud discovered in USA giant companies as Enron, aided by their policing Auditors Arthur Anderson, followed by World Com and then Satyam Bros in India revealed the low levels to which corporates honesty, integrity and ethical standards had sunk. The collapse of Wall Street in 2008, also showed scant respect for these time tested values.

These debacles bought in drastic changes in the company law world over. Stringent rules were introduced by the stock exchange. The Institute of Chartered Accountant too bought in strict rules for record keeping and accounting. Adherence to these rules and regulations were closely monitored. Additionally any variation of the accounting matters were promptly reported by the external auditors annually and appropriate action were taken, including meting out punishment depending on the level of variation or non-adherence. Sri Lanka too has kept pace with these changes to the local commercial sector.

Companies also realized the importance and benefits of these regulations and strengthened their legal and secretarial divisions. Some even went to the extent of employing a fulltime trained or qualified compliance officer. While observing corporate governance as laid down in law, the spirit of implementation is the key. In a sole proprietorship the owner can single handedly make decision and promptly implement it. By virtue of being the owner of a relatively small organization, owner is fully aware of the entire operation and the implications of the decision can be anticipated. The owner takes full responsibility for the final result. However in a very much larger organisation like in public/ private companies, there are large number of stakeholders including shareholders. Scale of operation is far greater and impossible for an individual to grasp it. Closely knit individuals, specialised in different skills runs the operation. Hence not only proper procedures and practices need be followed but also decision to be taken together by these group of persons, after discussions, in depth study and due deligence. This way, the risk of failure is minimsed.Such is the importance and benefits of corporate governance.

In the final analysis, whether it be “Corporate Governance “ or Governing the Corporates “ Moral Conscience must also have a seat in every Board Room.

Board Leadership Training Program Intake 14

The Board Leadership Training Program Intake 14 Part I, II, III was organized by The Sri Lanka Institute of Directors successfully concluded with interactive participants continuing to enhance their corporate governance competencies.

Part I was held on the 22nd & 23rd February 2023 facilitated by Thamali Rodrigo, Faizal Salieh, Thivanka Jayasinghe & Naomal Goonewardena.

Part II was held on 15th & 16th March 2023 facilitated by Dr. Arittha Wikramanayake, Anthony Jayaranjan, Dilshan Rodrigo & Aruni Rajakarier.

Part III was held on 29th and 30th May 2023 facilitated by Aroshi Nanayakkara, Aruni Rajakarier, Dusty Alahakoone and Averil Ludowyke.

Interview with Dinesh Weerakkody

Chairman of BOI and Port City Economic Commission

1. How do you see the current climate to attract long term investments / FDIs to Sri Lanka, what initiatives are being undertaken to attract large scale investments and, to improve the processing and approval process?

With the IMF approval to grant US$ 3 Bn under the Extended Fund Facility (EFF) to Sri Lanka, it is expected that it will help to restore macroeconomic stability and debt sustainability of the country, and to safeguard financial stability which would result in improving investor confidence. We believe that this will greatly enhance the attraction of the country for long term investments. It could be particularly attractive to businesses from India, China, Japan, and other Asian countries as well as USA and European countries who are interested in relocating to a safe, cost effective and convenient investment destination like Sri Lanka.

The Board of Investment, as the premier investment promotion agency of the country, is constantly committed to create a more conducive investment environment to attract the much-needed foreign direct investment to the country, while assisting existing BOI enterprises to carry out their operations amid various economic challenges.

Accordingly, the Board of Investment has taken several new steps as given below.

- Establishment of Investor Facilitation Center (IFC) to streamline and FastTrack the approval process
- Accelerated Promotional program to attract 100 ICT companies
- Incentivized program to encourage reinvestment of 50 existing BOI companies
- Establishment of Industry Advisory Councils for identified sectors
- Digitization of key investor services functions
- Modernization of existing zones to meet international green standards
- Introducing the Partnership Finder database
- Launching 'Five-year resident visa program'
- Introduction of a special visa category 'Golden Paradise Visa' to grant resident visa to foreigners who invest in an approved bank.

In addition to this, we have focused on the following points to improve the provision of facilities to investors.

- Formulate a stronger, more effective investment promotion system, "Invest Sri Lanka" to attract investment to compete with regional countries
- To provide a skilled workforce to meet the demand of investment projects
- Introduce a more formal and effective system for land allocation for investment projects

2. What are the key economic areas that BOI is promoting, especially leveraging on some of the natural mineral resources and the resource pool we have in Sri Lanka.Identified areas for investment Promotion

i. Attracting investors to "100 ICT Companies" program

- A comprehensive investment promotion campaign has been recently introduced by the BOI to attract 100

IT companies to invest in Information Technology (IT), Business Process Outsourcing (BPO) and Knowledge Process Outsourcing (KPO), Business Process Management (BPM), Data Analytics and AI/ML, and e-commerce.

ii. Encouraging Re-investment under "Investor retention and expansion program"

· Global FDI data indicate that, in recent years the proportion of FDI flows by reinvestment or expansion has increased significantly. Much of the increase of global FDI in 2021 was driven by record reinvested earnings and high levels of M&A activity. Being in par with the global trend in focusing more towards attracting re-investments over Greenfield investments, BOI has initiated to carry out an effective promotional mechanism to attract more re-investments.

For this, BOI expects to implement an "Investor retention and expansion program" by granting special incentives to promote and facilitate the reinvestment of existing BOI companies.

iii. Identified High Potential Sectors for Investment

Sectors were identified on the basis of comparative and competitive advantages of the country, Market opportunities available, as well as the need to promote the diversification of the export sector through backward linkages, technology transfer and encourage value addition.

Manufacturing

- High value-added Apparel, Value Added Mineral, Automobile components, Rubber based products, Electrical & Electronic products, Pharmaceutical, Textile Manufacturing, Medical Devices, Machinery & Appliances

Services

- Hospitality and Tourism: Agro /Eco Tourism, Adventure Tourism, Nautical Tourism, Luxury Hotels, MICE Tourism, International Theme Parks
- Education: Higher Education Institutes, Universities, Training Centres

Agriculture

- Food Processing, Fisheries, Spices & Concentrates, Aquaculture

Infrastructure

- Mixed Development, Petroleum & Renewable Energy, Logistic Centres, Hospitals, Integrated Hazardous Waste

iv. Dedicated economic zones for Textile & Pharmaceutical Manufacturing

The BOI has identified 200-acres of land in Arabokka, Hambantota, adjacent to the International Airport and Port to establish a dedicated pharmaceutical zone and 300-acres of land in Eravur, Batticaloa to establish a dedicated textile manufacturing zone. These zones have already been declared as a Strategic Development Projects with attractive investment incentives for companies to be established within the zone. The Infrastructure development of the Textile Manufacturing zone in Eravur is in progress and BOI invites potential investors to take part in the development and management of the proposed Pharmaceutical manufacturing zone in Arabokka, Hambantota.

3. There is talk about building back better especially in sectors like Petroleum with renewables being a thrust area and the focus on green economy. What are your thoughts on building back better with such innovative options, what sectors are being looked at currently and is BOI looking at target markets / companies to attract in these sectors.

BOI, as a key government stakeholder promoting investments into the country, always ensures its contribution in attracting SDG related Investments. In this regard, being in line with SDG Goal 07; Affordable & Clean Energy, the Renewable Energy sector has been identified as a key sector for investment attraction. Renewable energy reduces energy consumption through energy efficiency while reducing Carbon emission thereby enhances the environmental quality. Thus, investments into Renewable energy sector can be considered as green investment that improves production efficiency, saves the environment from hazards, and conserves energy.

Also, there is a large number of new sectors which are emerging, associated with digitalization. Further, the traditional sectors have new elements coming out as sub-sectors while the larger sectors like petroleum, power, infrastructure, healthcare manufacturing would bring the country the biggest FDIs.

4. What are the specific short- and medium-term targets you have set for the BOI under your leadership and how has the progress being so far, though it's being a relatively short of period of time.

With the recent initiatives taken at BOI, we are looking at a renewed target of FDI inflow, increasing from USD 1 billion in 2022 to USD 2 billion in 2023. Specifically, as a short-term strategy, we are looking at attracting 100 technology services companies with a new product, a targeted program to get 50 existing BOI companies to reinvest, setting up industry advisory councils for thrust sectors for leads, policy tweaking and promotion, digitalization of key investor services, aggressive promotion of the destination, key account management and modernization of existing zones to meet with international green standards. In addition, attracting investments to Textile and Pharma Manufacturing zones is one of the key focus areas during this year.

As a medium-term target, BOI is focusing on the establishment of New Zones in Northern and Eastern provinces: Paranthan, Mankulam, Kankasanturei & Trincomalee which would be on Public and Private Partnership basis. As the Head of Port City Commission;

1. **We believe the Colombo Port City Economic Commission is also a facilitator to provide the required infrastructure and other facilities to potential developers within the Port City Colombo, could you deliberate upon the role of the Colombo Port City Colombo Economic Commission and what are its objectives?**

As the sole constitutional entity in Sri Lanka, which is entrusted with the administration, regulation, and control of all matters related to businesses and other operations within the Port City Colombo (PCC) SEZ area of authority – the Colombo Port City Colombo Economic Commission (Commission), serves as the Single Window Investment Facilitator on all matters related to PCC, by the Act which authorizes and empowers the Commission to serve as in this role for promoting ease of doing business within Port City Colombo. The Commission is also responsible for granting incentives and exemptions to investors for businesses of strategic importance within the Special Economic Zone.

The Commission has ten key objectives, which comprise promoting Port City Colombo as a Special Economic Zone, attracting foreign direct investments, facilitating ease of doing business, enhancing investor confidence, promoting global and regional investments, developing innovation and entrepreneurship, facilitating duty-free shopping, entertainment and other similar facilities, generating employment opportunities, promoting sustainable development, and promoting urban amenity operations.

The Commission's vision is to be a world-class, sustainable, service-oriented Special Economic Zone. Its mission is to promote ease of doing business and accelerate sustainable economic growth by creating essential value for investors and generating opportunities for stakeholders. The Commission aims to achieve this by providing modern city amenities while adhering to environmental sustainability standards, positioning Port City Colombo as the preferred investment destination in the region.

2. **Could you explain the current status with regard to the Port City Colombo, how many investments have been approved and commenced construction, is the progress in line with the goals set previously?**

To date, we have approved investment for six plots. However, construction has not yet begun as we are currently waiting for investors to submit their development proposals to the Commission. This progress aligns with our project goals for these plots. Developments currently taking place in this area are;

The six plots mentioned prior, as pre-defined as part of the master plan of Port City Colombo SEZ, the planned activities that will take place are the Marina Hotel, Marina Retail & Entertainment Complex - offering a range of amenities such as retail shopping, lifestyle activities, food and beverage outlets, and marina facilities.

3. **Any key industries and sectors being promoted by the Colombo Port City Economic Commission, what are your renewed targets for investments over the medium and long term?**

As the administrative and regulatory apex body of the Port City Colombo SEZ – the Single Window Investment Facilitator, the promotion on this front is ensuring the key regulations and guidelines required for Port City Colombo's SEZ functions, are in place with a streamlined investor journey.

Port City Colombo is a newly built city located in Sri Lanka, which aims to become a regional hub for trade, investment, and tourism. The Port City Colombo project is being developed by China Harbour Engineering Company (CHEC) and the investor promotion currently is also under their purview - with the support of the Sri Lankan government and the Commission, which is entrusted and authorised, by way of the Colombo Port City Colombo Economic Commission Act, with the administration, regulation and control of, all matters connected with businesses and other operations, in and from the Area of Authority of Port City Colombo - as the Single Window Investment facilitator for the promotion of ease of doing business within Port City Colombo and is responsible for the granting of incentives or exemptions to the investor for the promotion of Businesses of Strategic Importance within the SEZ.

The key industries and sectors being promoted by Port City Colombo include finance, tourism, real estate, logistics, and technology. The city is expected to become a financial hub for the region, with the establishment of a new financial district that will house local and international banks, financial institutions, and insurance companies. The city is also expected to attract significant foreign direct investment in the tourism industry, with the development of hotels, resorts, and other tourism-related facilities.

In addition, Port City Colombo is being positioned as a service-oriented trade hub, with the development of modern facilities and related infrastructure. The city is also expected to become a centre for technology and innovation, with the establishment of technology parks and research and development centres.

The renewed targets for investments over the medium and long term for Port City Colombo include attracting an estimated $15 billion in foreign direct investment over the next five years. Furthermore, PwC has carried out an Economic Impact Assessment of the Colombo Port City Colombo which highlights the significance of this project across multiple economic levers:

- USD 14.1 Bn in FDI for development
- Economic Value Addition during Development - USD 24.3 Bn
- Economic Value Addition during Operations - USD 13.8 Bn per annum
- Balance of Payments during Development - USD 8.9 Bn
- Balance of Payments during Operations - USD 5.9 Bn per annum
- Employment During Construction - 464,600 jobs
- Employment During Operations - 143,375 jobs

The aim is to attract a range of prominent companies and international brands to establish their regional headquarters in Port City Colombo. The government of Sri Lanka is actively promoting the city as a key destination for investment b offering a range of incentives to attract investors, including tax breaks, streamlined procedures, and other benefits, through the Single Window Investment Facilitator, which would facilitate ease of doing business.

4. How do you intend to differentiate and position the Colombo Port City Colombo as an investment and financial hub within the region, especially considering the competition from the established rivals, what further incentives would the Colombo Port City Colombo offer potential investors.

Due to the nuances of the Sri Lanka economy, the extension of credit and the raising of liabilities, the banking and financial sector has rules and regulations that are in place to address these nuances. When considering a globally recognized financial hub focusing on multicurrency transactions, the frameworks and structures in place need to be separate from what is applicable in the broader Sri Lanka economy. By creating an appropriate framework to facilitate such multicurrency transactions to support the export of services, the Colombo Port City Colombo would become a sought after investment and financial hub for the region.

5. Any further legislative and other bottlenecks that needs to be cleared and what developments are currently taking place in this area?

The Commission is awaiting clearance of the key legislative framework, known as the Businesses of Strategic Importance. This framework will cover the incentives and exemptions for the identified key business sectors operating in the Port City Colombo SEZ, as a service-oriented trade hub. In addition, we are in progress towards finalising the establishment of a dedicated International Commercial Dispute Resolution Centre. It's natural to encounter bottlenecks when setting up a new city, especially one of this nature. However, the Commission is fully committed to addressing these challenges to facilitate investment .

6. There is talk that the Colombo Port City (CPC) has not attracted any investors?

The USD 1.4-billion Colombo Port City project, is the single-largest private sector development in Sri Lanka. Port City project is the largest FDI to date. CPC is slated to break ground on the CIFC Phase One- 3 towers, the Villa plot and the Marina hotel in the third quarter of 2023. That is around 1.3 Billion USD in new investments. The Duty Free complex within the Port City is set to open in June 2023. The Port City Colombo's basic infrastructure is scheduled to be completed by the end of 2023. We have interested parties to invest in the international School, International Hospital and the International University

7. Why has Sri Lanka attracted less than $22 Billion over period of 40 years. When countrieslike Singapore and Vietnam do it in 1 year?

If you look at most surveys, the top three factors influencing investment decisions are political stability, macroeconomic stability, and a country's regulatory and business environment. So as a country we need to focus on: Effective economic structures, shorter lead times for approvals, consistent trade policies, ease of doing business indicators and online markets. The BOI value proposition needs to get transformed in order to compete with other FDI destinations. Our digitalisation efforts must offer multiple opportunities for industries to pivot and embrace e-commerce, allowing companies to reach out to new markets but at a lower cost. Essentially, we need to create a new FDI strategy. So we need serious reform. If not we will continue to do more of the same and get the same results. For a start we need an initiative to bring all key agencies involved in country investment promotion to work together to showcase SL talent, products, quality of life, legal framework and location advantages and act as a single window for all investments. And for better use of our limited resources. We are focusing on an Invest Sri Lanka initiative to brand Sri Lanka as an investment destination, improve investor care, access new markets for our products and services, communicate better with the world and grow our market via new trade arrangements.

ESG Reporting: An evolving landscape

ESG Reporting has been gathering momentum over the past two years with consolidation of standards, development of new standards and revision of existing standards to facilitate preparation of fit for purpose reports. Many countries are making at least certain aspects of ESG reporting mandatory reflecting the importance and urgency of the issues. This is a round up of key developments in the ESG reporting to drive awareness of the need to get up to speed on the subject.

Why Boards must be involved

Providing strategic direction, risk management, resource allocation and corporate governance are key Board responsibilities and it is almost impossible to discharge these duties without reviewing ESG information on a regular basis. Financial statements by themselves are insufficient to support management of the key drivers of their businesses and ESG information can shed greater light on these. Additionally, considering ESG factors in key investment decisions is very much in the interests of investors and becomes a key imperative as competition for natural resources increase.

For example, if water is an essential input for the operations of organisations, it is important that Boards understand water consumption of the organisation to guide strategy in optimizing resource efficiency. It is equally important that Boards understand that Sri Lanka is identified as a highly water stressed country as it withdraws 90.79% of its freshwater resources.

Evolution of standards

There are over 650 sustainability reporting standards in the world and thankfully, there is a move to consolidate the standards. The evolution of the most recognized standards are given below.

GRI Standards –

This is the most widely used standard with 4 out of every 5 sustainability reports using GRI and over 10,000 reports using this in 2021. It is a multistakeholder focused standard enabling organisations to report its impacts on the economy, environment and people. It has three sets of standards:

- Universal Standards – These are applicable to all organisations
- Sector Standards – 3 have been issued to date identifying the material topics that are relevant for the sector. GRI proposes to issue 40 sector standards in total. Standards have been issued for Oil & Gas, Coal and Agriculture, Aquaculture and Fishing.
- Topic Standards – There are 33 topic standards at present on the economy (7), environment (8) and people (18) and organisations which do not have sector standards at present are required to determine which the most material ones are.

Attention of Boards are drawn to the requirements of GRI 2 (Universal Standard) which has disclosure requirements for Governance, Strategy, policies and practices and Stakeholder engagement. Boards must ensure the necessary changes are made to governance mechanisms to accommodate the requirements. It is particularly relevant to Banks as this is a standard mentioned in Direction No.5 of 2022 - Sustainable Finance Activities of Licensed Banks issued by Central Bank of Sri Lanka(CBSL). Additionally, the Plantations sector should prepare to comply with the requirements of the Agriculture, Aquaculture and Fishing standard which becomes applicable for all reports published after first January 2025.

Task Force on Climate-Related Financial Disclosures (TCFD) –

These investor focused recommendations have been gaining worldwide attention with support from over 120 governments and regulators around the world with a few making the requirements mandatory. The CBSL direction also mentions TCFD in the direction mentioned above. It looks at disclosures of 4 core elements with reference to climate related risks and opportunities as set out alongside. The standard distinguishes between physical risks and transition risks related to transitioning to a low carbon economy and this is a key takeaway from these recommendations. It is important to note that the IFRS Sustainability Standards have embedded and built on the requirements of these recommendations.

Integrated Reporting Framework (<IR>) –

This was the fastest growing investor focused standard, aiming to embed integrated thinking how organisations manage 6 capitals in creating, preserving or eroding value. This in turn will drive efficient and productive resource allocation. The IFRS Standards build on this framework which is still in effect until the IFRS Sustainability Standards are issued and adopted over the next 2 years.

SASB Standards –

This refers to 77 industry standards built around 26 relevant issues which are investor focused. Also embedded into the IFRS Sustainability Standards, these standards will be the guide for determining the industry focus of sustainability reporting in the future.

IFRS Sustainability Standards –

The IFRS Foundation formed the International Sustainability Standards Board to complement the work of the International Accounting Standards Board which issues the IFRS. The ISSB builds on the work of the Climate Disclosure Standards Board (CDSB), TCFD, the <IR> Framework SASB Standards, and the World Economic Forum's Stakeholder Capitalism Metrics. These standards were issued on 26th June 2023 together with supporting materials.

- IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information

- IFRS S2 – Climate Related Disclosures

Given that the ISSB is backed by the G7, G20, IOSCO and other inter-governmental organizations, these will be the future of Sustainability Reporting. Here it is important to note that these standards are investor focused standards. With a proposed date of 1st January 2024 for applicability, the transition to these standards can be orderly if actioned now.

European Sustainability Reporting Standards (ESRS) –

EU is developing their own standards which will be applicable to nearly 50,000 of the largest companies in the EU and non-EU companies with a turnover of over EUR 150 million from the EU. As the standards will cascade to key supply chain partners, it will be relevant to exporters to the EU. The 12 exposure drafts cover 4 categories of standards as follows:

Cross-cutting standards	**Environment**	**Social**	**Governance**
General requirements General disclosures	Climate change Pollution Water and marine resources Biodiversity and ecosystems Resource use and circular ecnomy	Own workforce Workers in the value chain Affected communities Consumers and end-users	Business conduct

The Future of ESG Reporting

The future focus will be very much on IFRS Sustainability Standards, GRI and ESRS with reports combining the requirements of all three standards. We are also likely to see more regulators using TCFD to address the urgent climate issues and they may come up with their own or mandate the use IFRS Sustainability standards.

We are living through a transition to this new order. Capacity to facilitate the transition is a key issue. In Sri Lanka, the focus of sustainability departments has mainly been on strategic philanthropy, project based initiatives, certification and trusts. Companies need to build internal capacity on knowledge of ESG Reporting standards as not having this knowledge will be similar to running a finance function without IFRS knowledge which everyone understands is unthinkable. Boards are urged to allocate sufficient resources to build capacity and provide the strategic direction required to develop their sustainability functions and align it to be future fit.

Aruni Rajakarier
SLID Council Member
CEO, She Consults

Navigating the Storm: How the Board's Vital Role in Liquidity Management Shines in Times of Crisis

On March 22, 2023, the Independent Non-Executive Directors' Forum of the Sri Lanka Institute of Directors assembled a diverse group of experts to deliberate on managing liquidity in a cash-strapped operating environment whilst maintaining business solvency.

Panellists consisted of Mr Reyaz Mihular, Chairman of Bairaha Farms PLC; Ms Trisha Pieris, Head of Research at CAL and a board member at Hela Apparel Holdings PLC; and Mr Aruna Fernando, Deputy General Manager, Chief Risk Officer at Seylan Bank PLC. Mr Manil Jayesinghe, Managing Partner EY Sri Lanka led the session as the panel moderator.

The discussion revolved around the Board's role in overseeing risk management, particularly liquidity risks. Emphasising the importance of independent directors to prevent overtrading and liquidity challenges, Mr Mihular stressed the importance of frequent reviews of risk strategies and comprehensive scenario analyses in a rapidly changing operating environment. He also highlighted the significance of negotiating with banks for crisis facilities and setting threshold limits for financial KPIs, along with providing timely feedback mechanisms to the Board.

Mr Fernando spoke about the critical duties of the Board of Directors considering the crises in Sri Lanka since 2019. He highlighted the differences between the banking sector and manufacturing/service industries, as banks heavily rely on customer deposits that are built on trust and confidence. He explained the need for appropriate liquidity policies and strategies to maintain sustained operations considering this fact. Mr Fernando also emphasised the significance of maintaining selective ratios and the close monitoring by management and Directors. He stressed the importance of robust contingency plans and prioritising customer trust to maintain stability and success in the banking industry amid ongoing crises.

Ms Pieris provided insights from the apparel sector's perspective, emphasising the need for a global view on liquidity management in both crisis and high liquidity situations. She underscored the importance of scenario planning in managing liquidity and the need for Boards to receive independent and expert opinions outside of the organisation. She specifically touched on the need for the Board to be aware of, and proactively prepare for, possible sudden changes considering today's dynamic and crisis-driven economies. She also highlighted the interconnectedness of liquidity and risk management and the Board's role in providing an independent outside perspective.

Mr Jayesinghe summarised how Independent Directors can effectively guide a company during a crisis and the tools and mechanisms they should utilise. Key points emphasised were the need to understand liquidity profile and cash flows, set monitoring limits at the executive level, and use a liquidity dashboard to identify risks and trigger events for the Independent Directors' oversight. Contingency plans and funding sources were also listed as crucial for surviving risk events, and the importance of analysing budgeting and funding sources to avoid a liquidity crisis was also highlighted.

The discussion concluded on the premise that Boards must take a proactive approach and consider various scenarios, put in place proper control and monitoring mechanisms, and focus on cash flow projections to support companies to navigate uncertainties and maintain their liquidity position and thereby financial stability in times of crises.

"ASK THE GURU"

1. What are the forecasted trends for 2023 in terms of corporate governance?

In this environment, static is the exception rather than the norm, and boards must continue to be nimble and open-minded in navigating the pitfalls and opportunities of this systemic recalibration.

Below are the key trends and developments that boards should bear in mind in the coming year

- Risk management - In this regard, directors should seek to understand the corporation's risk profile, and its management of short-, medium- and long-term risks, as well as how risk is taken into account in the corporation's business decision-making and strategic planning. Given the challenging economic climate, boards should be mindful of possible risks relating to inflation and rising interest rates, availability and cost of financing, increases in operating costs and fluctuations in exchange rates, as applicable.

- Cybersecurity: Boards should ensure that they receive proper information to assist them in their oversight of cybersecurity risks, including from management experts and outside advisors, as relevant. While risks to the company's business strategy are often discussed at the full board level, it may be appropriate to consider whether oversight of cybersecurity risks should be allocated for particular focus by a board committee.

- Board diversity: : Board diversity continues to be an area of focus by major institutional investors, proxy advisors and regulators, and in recent years the composition of boards has evolved accordingly, with 72% of the incoming S&P 500 class of directors appointed in 2022 coming from historically underrepresented group

- ESG prioritization: While many large companies are setting sustainability goals and publishing ESG-related data, investors, regulators and the broader public are exercising greater scrutiny of corporate sustainability efforts, calling out what they perceive as "greenwashing." Much of this skepticism is founded on concerns that companies may be using disclosures and sustainability-related labels on products and services as a marketing tool to appear more proactive on those issues than they truly are. New global ESG-related standards will continue to evolve, following the formation of the International Sustainability Standards Board. This could help address what may be the largest obstacle to accountability: the lack of a common baseline for disclosure standards consistent across jurisdictions and industries.

2. How should we address IT Governance within a Board and why should we address it?

IT governance is the process of managing the organization's IT-related assets to ensure that they align with the company's objectives and strategies. Effective IT governance can provide several benefits to businesses, including the following:

- Alignment with business goals: IT governance helps to ensure that IT investments and activities align with the company's overall business goals and objectives. This alignment helps to ensure that IT resources are being used effectively to support the organization's strategic priorities.

- Risk management: IT governance helps businesses to manage the risks associated with their IT assets, including cyber threats and data breaches. Effective IT governance can help to identify and mitigate these risks, protecting the organization from potential harm.

- Cost optimization: Effective IT governance can help businesses to optimize their IT costs, ensuring that IT investments are aligned with business priorities and providing cost savings where possible.

- Compliance: Many organizations are subject to regulatory requirements related to IT, such as data protection and privacy regulations. Effective IT governance helps businesses to comply with these requirements, avoiding potential penalties and reputational damage.

- Competitive advantage: In today's digital economy, effective use of technology can provide a significant competitive advantage. Effective IT governance helps businesses to stay up-to-date with the latest technological trends and developments, enabling them to innovate and compete more effectively.

  IT governance is a critical component of any organization's overall governance framework, and it has become increasingly important with the rapid advancement of technology and the growing importance of digital transformation. Outlined below are few methods on how the Board can address it.

- Establish clear roles and responsibilities: It is essential to define who is responsible for IT governance within the organization and what their specific roles and responsibilities are. This should be clearly communicated to all stakeholders, including the board, management, and employees.

- Implement an IT governance framework: An IT governance framework helps to establish the policies, procedures, and controls that are necessary to manage and mitigate IT-related risks. This framework should be tailored to the specific needs and requirements of the organization.

- Regularly review and assess IT governance: The board should regularly review and assess the effectiveness of the organization's IT governance framework to ensure that it is meeting its objectives and is aligned with the company's overall strategy.

- Prioritize cybersecurity: Cybersecurity is a critical component of IT governance, and the board should ensure that the organization has the necessary controls and procedures in place to protect against cyber threats.

SLID launches Board IT Governance Masterclass

Sri Lanka Survey Report on Board IT Governance – 2022, jointly carried out by the Sri Lanka Institute of Directors (SLID) and EY Sri Lanka, highlighted significant gaps in IT governance knowledge and expertise at board level.

To address this gap and ensure board directors' knowledge and expertise of IT governance is enhanced and aligned to the current technologically-driven operating environment, the SLID has developed a one-of-its-kind masterclass to support the learning and development of directors on this subject.

IT Governance Masterclass for Board of Directors, designed by experts in the field of IT governance, will address the most concerning findings of the survey with a focus on eliminating the difficulties faced by the board of directors in making well-informed IT decisions and their inability to identify gaps in IT processes and systems.

The inaugural two-day masterclass was conducted on 6th and 7th June, 2023 and utilised the latest teaching and learning tools and incorporate a collaborative and discussion. based approach to provide the best outcomes. Additionally, numerous real-life case studies was discussed to gain practical insights.

SLID Chairman Faizal Salieh noted the objective of this masterclass is to enhance the IT competencies of the board, enabling them to make well-informed decisions regarding IT strategies, which are critical at the oversight level. Additionally, this masterclass promoted more extensive and productive discussions.

The masterclass, divided into four modules, focused on: Digital transformation and link to business strategy – covering the evolution of digitisation in business, the impact of digital transformation and the ability of the board to evaluate the digital transformation strategies required for different industries using real-world examples. IT security and risk management – covering IT-related risks such as security, data protection, privacy and intellectual property; tolerance level assessment for specific types of IT risks and understanding risk mitigating strategies.

IT project management and vendor management – covering the significance of adopting structured project management tools and their benefits for IT projects, procurement-related risks and IT vendor and cost management for large projects.

IT operations and cost management – covering the understanding of the organisation's IT structure and its impact on business efficiency, internal IT governance framework and assessing IT strategy and policies for decision-making at the board level.

When asked to share more insight on the development of the masterclass, SLID Council Member Dilshan Rodrigo indicated, "The Sri Lanka Survey Report on Board IT Governance - 2022 commissioned by SLID and EY Sri Lanka, provided valuable insights on the specific knowledge gaps that exists in IT governance among Sri Lankan boards. We have identified a skilled pool of facilitators to support board capacity building efforts in this area. We believe this masterclass will be an invaluable tool for boards to navigate the future with confidence."

Family Business Ownership and Governance A transformational journey

Family businesses play an important role in the Sri Lankan economy. To support the growth and prosperity of family businesses in the current market context and understanding how the right approach to 'ownership and governance' can help to achieve this , , the Sri Lanka Institute of Directors' Family Business Forum in collaboration with KPMG's Family Business Advisory Unit organised a workshop on 22nd February 2023.

Mr Rizan Jiffrey inaugurated the event by welcoming the key speakers and participants and providing a brief overview of SLID and its 2023 goals to support the development of family-owned businesses.

Ms Thamali Rodrigo commenced the program by summarising the four key characteristics of successful multigenerational family businesses by putting into context the foundation on which many of Sri Lanka's family businesses have prospered over time.

1. Align the family with the business's growth journey by agreeing with them , clarity on their expectations and an engagement protocol with the enterprise.
2. Implement appropriate corporate governance and Board of Directors structures to formalise this shareholder engagement and management process.
3. Create a platform to attract and retain competent professionals and talent.
4. Ensure a positive organisational culture to sustain business growth and future achievements.

Showcasing these factors of success Mr Imtiaz Esufally, the Director of Hemas Holdings PLC took to the stage to share with the audience his experience of the transformational journey of Hemas from a family-owned business to a listed company. He spoke about how the changes in the ownership and governance structures and procedures helped shape the enterprise over the last 3 decades. The Family is now in their 3rd generation, with the 4th generation now engaging with the business. A carefully crafted thought process , with help from external advisers , and involves structures, culture and agreements within the family   helped them to take on the business challenges over the decades, and successfully migrating them to create a robust company with robust family owners.

The audience was given a comprehensive view of the challenges faced by family businesses when transforming from a private company into larger public enterprises with external stakeholder influence. Mr Esufally revealed how critical the four points mentioned above by Thamali, are needed for successful transformation. He also emphasised the importance of focusing on family business development, in the same rigour of the business development process.

Following Mr Esufally's inspirational story of Hemas, a discussion took place with Ms Kasturi Chellaraja Wilson, Group Chief Executive Officer of Hemas Holdings PLC, and Mr Esufally. Key insights were shared on significant challenges that arise for management, when a family-owned enterprise expands and transitions into a larger organisation.

The program concluded by allowing the audience to ask questions, resulting in a captivating and satisfying conclusion to the event.

Key Takeaways when Managing Transformations within Family Businesses:

1) You need to grow your business, and you need to grow the family engagement at the SAME time. Both need to be equally managed. This is often ignored. A weak family governance system can lead to family disputes and this cancer ultimately flows into company.

2) In both segments clear communication and written SOPs signed off and revisited periodically cannot be underestimated. Especially a clear written down process for conflict resolution and exit.

3). Strong governance structure draws in top level Board members and management This has been and is the corner stone of our progress.

4) Take a 'Stake holder approach' rather than an 'Owner' approach. For especially in a public company there are many owners. If there is ever a conflict, what is good for the business take priority over what is good for the Family stakeholders.

5) the path of Good Governance and proactive ownership require a tailor-made approach that addresses the current family dynamics, the current challenges and vision of the company. Gauging this is important.

6) In addition to business results, Good Governance gets a premium in company valuation in the long run

7) Proper structuring of Family engagement with Board and Management and Vice Versa is essential. The blurred line between Family Board Directors and Management in particular needs to be constantly managed.

8) Discussion and Changes to the Family Constitution should ideally be done in anticipation of the changes in the family dynamics and the professionalization process for optimal results.

9 "Shirtsleeves to shirtsleeves in three generations". How to break the curse! be mindful of the challenge.

10) learning in building a robust Family governance structure and spurring professionalisation never ends. However, there are many people in similar advanced family businesses who are happy to share ideas and many formal events to learn from each other's family governance process. Keep Learning!

SLID launches Survey Report on Board IT Governance

The first Sri Lanka Survey Report on Board IT Governance- 2022 was launched by the Sri Lanka Institute of Directors (SLID) to an audience of over 100 top corporate Board Directors at an event held at the Cinnamon Lakeside Hotel in Colombo last week.

Chiranthi Cooray

Faizal Salieh

Arjuna Herath

In his opening remarks, SLID Chairman Faizal Salieh emphasised the importance of IT Governance as an integral part of overall Enterprise Governance. He elaborated that inadequate participation by Directors in major technology-related decisions results in missed opportunities for optimised strategic and operational technology investments.

Ernst & Young, Sri Lanka (EY) Partner, Arjuna Herath, summarised the key findings of the study and put into context the outcomes and recommendations to support a viable Board IT Governance journey for Sri Lankan corporates.

The panellists, Prof. Malik Ranasinghe, Chairman of the Information and Communication Technology Agency of Sri Lanka (ICTA); Dr. Kithsiri Manchanayake, Independent Director of Sri Lanka Insurance Corporation; Ruvini Fernando, PWC Sri Lanka Director; and M.R. Anoop from SAP made the discussion interesting and interactive.
They shared their perspectives on the key findings, personal experiences about IT decision-making, and how a more robust IT Governance at the Board-level would result in greater accuracy, transparency, and accountability in corporate IT spending. The discussion concluded with audience participation, sharing diverse views on the right Board composition, the need for IT-savvy Boards, and the necessity for expert IT knowledge at the Board-level. In her Call to Action, Chiranthi Cooray, lead chair of SLID's Innovation and Technology Committee, reiterated the importance of Boards leading IT decision-making; and how IT Governance strengthens good stewardship. SLID said it plans to execute several learning and promotional initiatives for both private and public sector companies aimed at improving Board IT Governance practices.

SLID collaborated with EY as its main technical partner. The survey was designed, conducted, and analysed under the expert guidance of Prof. Jennifer Jewer (Memorial University, Canada), Prof. Ken McKay (University of Waterloo, Canada) and Prof. Tejpavan Gandhok (Jindal Global Business School, India) and with the assistance of EY Global Delivery Services.

SLID Discussion: The Digitalisation Path of the Registrar of Companies and the Use of Digital Signatures for Ease of Doing Business in Sri Lanka

The world of business has evolved with the integration of technology into our lives and the increasing use of digitalisation. As Sri Lankan corporates increasingly join this technology adoption and digitisation movement, the country's government sector is also pursuing this path for greater competitiveness and ease of doing business.

The Board Secretaries Forum of the Sri Lanka Institute of Directors (SLID) conducted a virtual discussion on 15th February 2023 to explain the process of digitalisation and adoption of digital signatures at the Registrar of Companies and the legality and consideration of using digital and electronic signatures within the evolving business scenario in Sri Lanka.

The panel comprised Sanjeewa Dissanayake, the Registrar General of Companies at the Department of the Registrar of Companies; Sunethra Dharmakeerthi, Registrar of Companies at the Department of the Registrar of Companies (ROC); Sanjeevani Seneviratne, Head of Legal at Lanka Pay (Lanka Clear); and Dalreen Thirukumar, Group Company Secretary of Sri Lankan Airlines. Sathananthan Sudarshan, Chair of the SLID Board Secretaries Forum and Janaki Siriwardane, Board Secretary of Bank of Ceylon moderated the discussion.

Sanjeewa Dissanayake began the discussion by putting into context the digitalisation journey of ROC and their move to the next phase of digital documents and digital signatures. The ROC is planning the implementation of a Mobile App that will use e-signatures with the features of a digital signature for higher levels of convenience and efficiency when incorporating companies or filing documents with the ROC. As this software will require the sharing of highly sensitive company documents and director signatures a meticulous evaluation of factors such as cyber security, data privacy, user protection, and document authenticity preservation are being performed.

Sunethra Dharmakeerthi further explained the ROC's thinking behind incorporating greater levels of digitalisation for filing documents and forms with them in line with government mandates to become paperless. She also elaborated on the process of using e-signatures and the requirement for a two-way verification process to validate the authenticity of the signatures in the system.

The new electronic system will facilitate the registration of companies as well as individuals such as directors and company secretaries using their mobile numbers and NICs/passports. This is expected to minimise any errors and increase the security of e-signature use. Directors holding directorships in several companies can register via the mobile app and use the same login details to access and sign documents related to the different companies they serve. There is also a process in place to remove people who have resigned from their posts.

Sanjeevani Seneviratne explained the differences and legal intricacies of e-signatures and digital signatures which came into effect with the Electronic Transactions Act (ETA) No. 19 of 2006 and was further strengthened with ETA Amendments No. 25 of 2017. She also explained Lanka Pay's role in ensuring tamper-free digital documents by providing secure and verifiable digital signatures which assure the authenticity of such signatures by anyone receiving digital documents with digital signatures provided by Lanka Pay. Lanka Pay is also in the process of developing a mobile app to supplement the current digital signature process.

Darlene Thirukumar succinctly explained how Sri Lankan Airlines adopted e-signatures and digitalisation as part of the government process to promote the efficient delivery of government services using reliable forms of electronic communication. She posed some thought-provoking questions regarding the proposed mobile app for the ROC based on her experience.

The key takeaway from her discourse was that companies must develop an e-signature policy supporting standardisation, while the mobile app must be user-friendly with features allowing for human fallacies. She also raised a good point about the new system by the ROC having the capability to integrate with other business systems and perhaps support multiple languages to serve the wider Sri Lankan business community.

Throughout the session, the panel was posed with numerous questions by the moderators, resulting in a stimulating discussion providing significant insight into the subject being discussed.
The event had Sampath Information Technologies as its technology partner and Daily FT as its media partner.

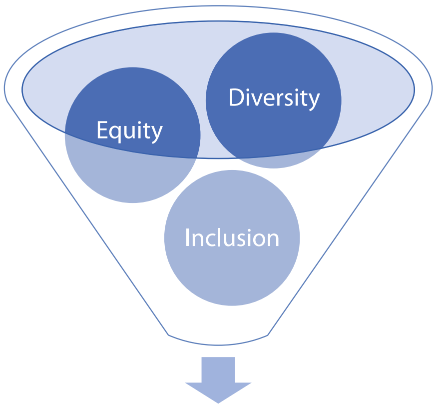
Unlocking the Potential of DEI for Corporate Growth:

Overcoming Cultural Barriers in the South Asian Region

By Senela Jayasuriya

Introduction

The past few years have seen a growing demand for Diversity, Equity, and Inclusion (DEI) in workplaces. The rationale behind this trend is straightforward: a diverse workforce is more innovative, productive, and can offer a wider range of perspectives that ultimately translates into higher profitability for the company. Yet, DEI is a complex issue, and implementing it in a way that is both effective and sustainable is not always easy, especially in the South Asian region, where cultural barriers can pose significant challenges. In this article, we will discuss the importance of DEI in the workplace, steps that corporate boards can take to implement it, and how culture plays a role in its adoption in the South Asian region.



Creativity, Collaboration, Innovation & Growth

The Importance of DEI in the Workplace

DEI is a critical component of any modern workplace. It refers to the policies, practices, and behaviors that promote equal opportunities and fair treatment for all employees, regardless of their gender, race, ethnicity, sexual orientation, or any other characteristic that may lead to discrimination. By promoting DEI, companies can create a more inclusive work environment that fosters creativity, collaboration, and innovation. This, in turn, can improve employee engagement and retention, boost productivity, and enhance customer satisfaction.

Moreover, studies have shown that companies with diverse workforces tend to be more profitable. For instance, a 2018 study by McKinsey & Company found that companies with gender-diverse executive teams were 21% more likely to experience above-average profitability. Similarly, companies with ethnically diverse executive teams were 33% more likely to outperform their peers. This demonstrates that a diverse workforce is not only good for social reasons, but also for the bottom line.

Steps to Implement DEI

To implement DEI, corporate boards must take a proactive approach. Here are some steps they can take:

1. **Conduct a DEI Assessment**
   Before implementing DEI policies and practices, companies should assess their current state of diversity, equity, and inclusion. This assessment should be

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1. Conduct a DEI Assessment

Before implementing DEI policies and practices, companies should assess their current state of diversity, equity, and inclusion. This assessment should be comprehensive and include a review of the company's policies, practices, and culture. It should also involve a survey of employees to gauge their perceptions of the company's DEI efforts.

2. Set Goals and Objectives

Based on the results of the assessment, companies should set clear and measurable goals and objectives for their DEI initiatives. These goals should be aligned with the company's overall strategy and should be regularly reviewed and updated.

3. Establish DEI Policies and Practices

Once the goals and objectives are in place, companies should establish DEI policies and practices that promote equal opportunities and fair treatment for all employees. These policies and practices should be integrated into all aspects of the company's operations, including recruitment, training, performance management, and compensation.

4. Provide DEI Training

To ensure that DEI policies and practices are understood and implemented correctly, companies should provide regular training to all employees. This training should cover topics such as unconscious bias, cultural competency, and effective communication.

5. Monitor and Measure Progress

Finally, companies should monitor and measure their progress toward achieving their DEI goals and objectives. This should include regular reporting and analysis of diversity metrics, such as workforce demographics, turnover rates, and employee satisfaction.

Challenges to Implementing DEI in the South Asian Regi

While DEI is important for all workplaces, implementing it in the South Asian region can be particularly challenging due to cultural barriers. In many South Asian countries, the concept of diversity is not widely understood or accepted, and discrimination based on gender, caste, religion, and ethnicity is still prevalent. This can make it difficult for companies to promote DEI and create a more inclusive work environment.

Moreover, South Asian cultures tend to be more hierarchical, with a greater emphasis on authority and respect for elders.

This can create a power dynamic in the workplace that can make it challenging for employees to speak up about issues related to DEI. In addition, South Asian cultures often value collectivism over individualism, which can make it harder for employees to challenge the status quo or advocate for their own needs.

Another challenge is the lack of representation of certain groups in leadership positions. In many South Asian countries, men still dominate senior positions in the workplace, and women and minorities are underrepresented. This lack of representation can lead to a lack of understanding and empathy for the challenges faced by these groups and make it more difficult to implement effective DEI policies and practices.

Furthermore, there can be resistance to change from those who have benefitted from the status quo. In many South Asian cultures, there is a tendency to resist change and maintain the existing power structure. This can make it challenging to convince decision-makers to prioritize DEI initiatives and allocate resources towards them.

Steps to Overcome Cultural Barriers and Implement DEI

"A diverse mix of voices leads to better discussions, decisions, and outcomes for everyone."

— A quote by Sundar Pichai, Chief Executive Officer of Alphabet

Despite these challenges, there are steps that corporate boards can take to overcome cultural barriers and successfully implement DEI in the South Asian region. Here are some strategies that can be effective:

1. **Cultural Sensitivity Training**
   One of the most important steps that corporate boards can take is to provide cultural sensitivity training to all employees, including senior leadership. This training can help employees understand the cultural nuances and challenges that may exist in the workplace, as well as the importance of promoting diversity and inclusion.

2. **Communication and Dialogue**
   Another effective strategy is to promote open communication and dialogue within the workplace. Corporate boards should create safe spaces where employees can share their experiences and perspectives, without fear of retaliation or retribution. This can help build trust and foster a culture of openness and inclusion.

3. **Role Modeling**
   Leadership plays a crucial role in promoting DEI in the workplace. Corporate boards should ensure that senior leaders are committed to the cause and are actively promoting diversity and inclusion. They should lead by example and make DEI a top priority, both in their actions and in their communications.

4. **Diverse Hiring Practices**
   One of the most effective ways to promote DEI is through diverse hiring practices. Companies should actively seek out candidates from diverse backgrounds and ensure that their recruitment and selection processes are fair and inclusive. This can help to create a more diverse workforce, which can ultimately lead to a more innovative and productive company.

5. **Employee Resource Groups**
   Finally, companies can create Employee Resource Groups (ERGs) to provide support and advocacy for underrepresented groups. ERGs can help to create a sense of community and belonging for employees who may feel isolated or marginalized and can provide a platform for advocating for their needs and interests.

Conclusion

In conclusion, promoting DEI in the workplace is essential for creating a more inclusive, innovative, and profitable company. However, implementing DEI in the South Asian region can be particularly challenging due to cultural barriers. Corporate boards must take a proactive approach to overcome these challenges, including providing cultural sensitivity training, promoting open communication and dialogue, role modeling DEI behaviors, implementing diverse hiring practices, and creating Employee Resource Groups. By taking these steps, companies can create a more inclusive work environment that fosters creativity, collaboration, and innovation, and ultimately leads to higher profitability and success.

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WCD ECONOMIC FORUM February 2023

The Women Corporate Directors Sri Lanka chapter together with the Women Directors' Forum or the Sri Lanka Institute of Directors recently held an economic forum titled 'Sri Lanka's Path Ahead for 2023' with leading economist Mr. Anushka Wijesinha in attendance as the keynote speaker.

Mr. Wijesinha began by outlining the current economic situation in the country but explained that the situation is steadily improving with the recovery of the fuel situation and inflation trending down.

The global economy, he explained was heading towards a recession with growth rates of 2022 being nearly half of what they were the previous year (around 2.7%) with the USA predicted to have a low growth rate. UK economy is in a worse situation with no signs of recovery. This presents a grim challenge to the Sri Lankan export market where UK accounts for nearly 8% of its total exports.

With regard to the IMF loan, Mr. Wijesinha pointed out how Sri Lanka has taken a series of prior steps to ensure that the IMF loan is approved including new mechanisms for welfare payments. The IMF will have to be satisfied that conditions are met prior to granting their approval. Paris club has agreed to move ahead with the funding upon IMF approval.

Mr Wijesinha also went on to say how important the debt sustainability analysis is to begin negotiating with Sri Lanka's creditors. Based on the debt sustainability analysis, debt restructuring can be done. There will be close follow-up by the IMF and the World Bank to ensure Sri Lanka complies with the conditions set and that the funds will be used for what it was intended.

What should we do better? Mr. Anushka Wijesinghe went on to explain that integrating with the global economy is vital which is being done to a lesser degree now than in the past. He reiterated that this needs to be an area of focus if Sri Lanka is to remain competitive in the global market. Mr Wijesinha reiterated that getting on a new growth path is a priority. Work models need to change, goals need to be met while complying with financial discipline and environmental discipline. Mr Wijesinha has hope that foreign investors will again be interested in Sri Lanka.

A panel discussion followed the keynote speech, with Ms. Shiromal Cooray (Chairperson and MD, Jetwing Hotels) and Aruni Goonetilleke (Chairperson, HNB PLC) as panelists, moderated by Ms. Thamali Rodrigo.

With regard to the Banking sector, Ms. Goonetilleke mentioned that the banking sector has been facing different challenges for the past several years such as the country downgrade in 2020, the Easter Sunday bombing, Covid-19 and the foreign exchange crisis. Banks were compelled to borrow from their overseas creditors in order to overcome some of these crises. She mentioned that many businesses were under stress and the banks had to deal with several moratoria which had a significant impact on the banking sector liquidity. Credit risk due to non-payment by borrowers was a significant problem. Despite all these challenges, banks are still strong and continue to support its depositors and clients. Rupee and foreign currency liquidity is much better now along with some recovery in the tourism industry, strong exports, inward remittances and improved investor confidence. She felt that in 2023, it will be even more challenging for the banking sector in multiple ways.

With regard to the tourism sector, Ms. Cooray mentioned that it is recovering with a better outlook for the future. She mentioned that positive image building of the country is important and that the message that Sri Lanka is recovering needs to be projected to client markets. The current perception of malnutrition is not the ideal message to be projected and is creating more damage than good.

With regard to what consumers should expect in 2023, Mr. Wijesinha respnded that inflation is trending downward. The current inflation levels are at 55% plus. It should ideally be around 20% - 30%. These levels will help household consumption. Furthermore, when the agricultural sector imroves, consumption will improve as 30% of the population is involved in agriculture.

The forum provided valuable insights to the business sector on what can be expected in the coming months. With global recession looming, Sri Lanka's economic reforms are critical components in the restructuring process along with key industries that need to be actively integrated and promoted if Sri Lanka is to prosper.

SECRETARIAT NEWS

CFA Society Sri Lanka and The Sri Lanka Institute of Directors recently renewed their collaborative partnership for the 4th consecutive year to facilitate collaboration between the two professional bodies.

The Sri Lanka Institute of Directors signed as a Strategic partner on women in Boards for the Top50 Global Women Economic Forum & Awards of Women in Management Sri Lanka. The official certificate was presented to Aroshi Nanayakkara Senior Vice Chairman, SLID and WCD Sri Lanka Chapter.

The Sri Lanka Institute of Directors and CA Sri Lanka signed an MOU on 7th February 2023. The agreement will pave way for the establishment of a mutual cooperation between both Institutions, with immense benefits for the stakeholders including members of CA and SLID.

Faizal Salieh appointed SEC Chairman.

We congratulate the Past Chairman of The Sri Lanka Institute of Directors and Veteran banker Faizal Salieh on his appointment as Chairman of the Sri Lanka Securities and Exchange Commission. Mr Salieh has over 40 years of extensive experience in commercial and development banking both in Sri Lanka and overseas. He was Chief of Corporate and Merchant Banking at ANZGrindlays Bank; COO of NDB; Executive Director/CEO of NDB Housing Bank; founder MD/CEO of Amana Bank; and Senior Independent Director of Cargills Bank and HNB General Insurance. He has held Board positions in several companies in the business of Banking, Finance, Insurance, Fund Management, Stockbroking, Manufacturing, Trading and Education; he has served on State University Boards, the Ceylon Chamber of Commerce and several Government and Non-Governmental Committees in the fields of Finance, Economic Affairs, Housing, Construction and Tertiary Education.

We wish him well as he plays a prominent role in governing the economic landscape of Sri Lanka.

Dinesh Weerakkody appointed Port City Commission Chairman.

We congratulate Senior Vice Chairperson of The Sri Lanka Institute of Directors Dinesh Weerakkody on his appointment as Port City Commission Chairman. Dinesh is the Vice Chairman of the Employers' Federation of Ceylon, Immediate Past Chairman International Chamber of Commerce Sri Lanka.

He is currently an Advisor on Treasury Affairs to the President.

Dinesh is a former Chairman of the Employees' Trust Fund Board of Sri Lanka, and the National Human Resource Development Council of Sri Lanka. He was also an Advisor to the Prime Minister of Sri Lanka 2001-2004, Ministry of National Policies and Economic Affairs and the Minister of Tourism Development.

The Sri Lanka Institute of Directors signed an MoU with HNB Assurance PLC & HNB General Insurance renewing the collaboration.

Talal Rafi wins IMF PFM Top 10 Award 2022

We congratulate Mr. Talal Rafi on his achievement.

The International Monetary Fund awarded Talal Rafi for his article on "Effects of Innovation on Fiscal Policies and Economic Growth" which was published by the IMF's Public Finance Management Department.

His article was named among the 10 most popular articles published by the IMF's Public Finance department based in Washington, D.C. The Public Finance department at the IMF published 78 articles in 2022 whose authors include senior officials of the IMF and global experts.

New Members


Sumudu Thanthirigoda


Mahesh Jayawardena


Sanjeewa Jayamaha


Suriya Bibile


Lahiru Karunathilaka


Bertram Paul


Krystle Reid Wijesuriya


Keerthi Pathiraja


Hashindra Silva


Trilan Perera


Tharaka Weragoda


D Prathapasinghe


Dinoo de Mel


Naresh Supramaniam


Duleep A. Fernando


Priyana Gunasekera


Amrit Canagaretna


Imalka Kumarapeli


Niloo Jayatilake


Chathurika Wickramasinghe


Parthithipan Kumarasamy


Kutila Pinto


Aruna Fernando


Sujatha Nadesan


Chanura Wijetillake


Erande De Silva


Kishani Perera


Ruvini Fernando


Jithendran Gajendran


Charitha Jayawickrama


Denver De Zylva


Daniel Hess


Deepthi Wickramasuriya


Ravi Kodikara


Anishke Dissanayake


Ameena Mariam Ziauddin

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EY

ACCA

CA — The Institute of Chartered Accountants of Sri Lanka

CFA Society Sri Lanka

CIMA

Transparency International Sri Lanka

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Appreciation of Mr. A. R. Rasiah

The Council of the Sri Lanka Institute of Directors bid farewell to Mr.Rasakanth Rasiah who completed 17 years serving the institute till 29th June 2023. Joining as a member in the early days when membership was in mere double digits, he took on a more active role when he joined the Council after retirement from his role as the Director Finance at Nestlé PLC. Raas played a key role in the development of SLID, committing his time, energy and expertise to grow the fledgling institute at a time when interest in governance was gaining momentum. He was very much in demand by the corporate sector due to his wide knowledge and experience and served on the Boards of Nations Trust Bank PLC and Ceylon Cold Stores PLC. He currently serves as the Chairman of Hela Apparel Holdings PLC.

Raas wore many hats during his tenure as a Council member and a number of initiatives flourished under his expert guidance and oversight. Despite a busy schedule as his expertise was very much in demand by corporate boards, Raas was a careful guardian of finances, exerting oversight in this vital area which has supported healthy balance sheet growth of the Institute. He was involved in the Institute's flagship Board Leadership Training Programme and remains on the panel of facilitators as he draw on his expertise across industries and countries as well as his positions as an executive director and an independent non-executive director to provide different perspectives to participants. As the Chair of the Editorial Committee, he ensured that The Director magazine was relevant and timely, strengthening the member value proposition with resources necessary for directors to step up their performance. Raas facilitated the relocation of the Institute to a stand-alone office, first to premises at Jetwing Hotels, thanks the generosity of Jetwing Group", then to other premises including R A De Mel Mawatha and later to the Cinnamon Grand during his Presidency where the Institute is now located.

While always courteous, Raas somehow managed to convey his opinion or even opposition without being disagreeable - an art known to only a few. Meetings of the Council had a unique camaraderie and things got done pleasantly, an important aspect people seem to forget in the pursuit of success. As President during the pandemic years, he facilitated the transition to virtual meetings and webinars to ensure that the Institute coffers remained filled and the staff were paid on time. The Council will miss your unique blend of congeniality and firmness and this is a little note of appreciation for your many years of careful stewardship. We look forward to your presence at our events and your unstinted support in activities and wish you all success in your future endeavours!

The Council, Sri Lanka Institute of Directors


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