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TRANSPARENCY IN CORPORATE REPORTING

**ASSESSING THE TOP 75 PUBLIC
LIMITED COMPANIES IN SRI LANKA**

TRANSPARENCY IN CORPORATE REPORTING 2021

ASSESSING THE TOP 75 PUBLIC LIMITED COMPANIES IN SRI LANKA

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Researcher and Author: Michelle Handy

Review and Oversight: Nicole Elias, Sulakshi Madawala

Design: Haritha Dahanayaka

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Transparency International Sri Lanka
366, Nawala Road, Nawala,
Rajagiriya,
Sri Lanka.

Phone: +94 11 4 369 781

Fax: +94 11 2 865 777

Email: tisl@tisrilanka.org

Web: www.tisrilanka.org

twitter.com/tisrilanka

lk.linkedin.com/company/tisrilanka

facebook.com/tisrilanka

instagram.com/transparency_sri_lanka

youtube.com/user/tisrilankatube

Transparency International Sri Lanka (TISL) is an independent, non-governmental, non-profit and nonpartisan organisation with a vision of Sri Lanka in which government, politics, business, civil society and the everyday lives of citizens are free from corruption. As the fully accredited national chapter in Sri Lanka of the Berlin-based Transparency International (TI), TISL partners and works with TI and its chapters world-wide.

Note: The TRAC report does not assess the implementation of companies' anti-corruption policies or programmes. Therefore, a low score does not necessarily mean that a company does not have strong anti-corruption programmes, nor does it indicate any wrongdoing on the part of the company. Likewise, a high score may illustrate strong disclosure systems, but this may not necessarily reflect operational and implementation success.

CONTENTS

MESSAGE FROM THE EXECUTIVE DIRECTOR	02
METHODOLOGY	03
INTRODUCTION	07
HIGHLIGHTS	11
TRAC SCORES & OVERALL RESULTS	13
REPORTING ON ANTI-CORRUPTION PROGRAMMES	18
ORGANISATIONAL TRANSPARENCY	23
DOMESTIC FINANCIAL REPORTING	27
COUNTRY-BY-COUNTRY REPORTING	31
REPORTING ON GENDER AND SEXUAL HARASSMENT POLICIES	35
COMPARING TRAC 2020 WITH TRAC 2021	39
INDUSTRY-WISE COMPARISON	44
RECOMMENDATIONS	46
ANNEXURES	51
ANNEX 1 – STANDARD TRAC METHODOLOGY	52
ANNEX 2 – CODEBOOK FOR SCORING	57
ANNEX 3 – LIST OF TOP 75 PUBLIC LIMITED COMPANIES	64

MESSAGE FROM THE EXECUTIVE DIRECTOR

It gives me great pleasure to launch the Transparency in Corporate Reporting (TRAC) Assessment for 2021. This is the second consecutive year Transparency International Sri Lanka (TISL) carried out this assessment, following the methodology developed by Transparency International, the global anti-corruption movement, of which TISL is the Sri Lankan chapter. Guided by our mission to “contribute to the collective effort to eradicate corruption in Sri Lanka” and driven by the objective of advocating for enhanced transparency and accountability within the private sector, TRAC was an important new step for TISL.

At a time when there is a growing global discourse on the collusion of the private sector in money laundering and grand corruption, supported by revelations such as the Pandora Papers, which demonstrated how private companies are acting as enablers of laundering dirty money, there is no question on the need to engage the private sector in the fight against corruption. While the private sector acts like the fuel in a thriving economy, it can also be a key actor which deprives development outcomes to the nation, due to its culpability in corruption from bribing public officials, to insider trading and thwarting competition, to creating shell companies that hide and launder stolen assets.

Transparency acts as an antidote to corruption, as people can access information and raise questions, thereby enhancing accountability and reducing opportunities for corruption. Therefore, we conducted the TRAC Assessment in order to promote transparency within the private sector, by recognising and rewarding companies that adequately disclosed information.

The TRAC 2021 Assessment scored and ranked the top 75 Public Limited Companies on the Colombo Stock Exchange (CSE) based on market capitalisation in three areas crucial to fighting corruption. It must be noted that Companies were scored and ranked only based on publicly available information pertaining to the company, were given the opportunity to provide feedback on their initial scores, and were encouraged to engage with TISL throughout the assessment.

The TRAC report provides recommendations to Companies on how to improve transparency in reporting, as well as important recommendations to the Government of necessary regulatory change and to the CSE on updating listing rules. It is our hope that the private sector would be informed, guided and encouraged to strive towards improving their quality of disclosure of information, with an enhanced commitment towards zero tolerance for corruption and greater accountability, which will in turn improve their public image as a company that acts with integrity and social responsibility.

I wish to convey my sincere gratitude to all the Companies assessed in this report, for their cooperation and the effort taken to understand, learn and commit to take steps to enhance their transparency and lead the industry by example. We look forward to continuing this journey with these organizations, while reaching out to other businesses, towards enhancing the accountability of the private sector in order to combat corruption in Sri Lanka.

Nadishani Perera
Executive Director

METHODOLOGY

METHODOLOGY

The Transparency in Corporate Reporting (TRAC) Assessment 2021 is an independent assessment of corporate disclosure practices among the top 75 public limited companies in Sri Lanka. The research methodology adopted, closely follows Transparency International's standard TRAC methodology.

For more information on the standard TRAC Methodology, please refer Annex 1.

What Does the Report Assess?

The standard TRAC methodology assesses three key sections, namely reporting on anti-corruption programmes, organisational transparency and country-by-country reporting. The TRAC 2021 Sri Lanka report, in recognition of the domestic corporate landscape, included two additional sections namely, domestic financial reporting and reporting on gender discrimination and sexual harassment policies.

Section 1: Reporting on Anti-Corruption Programmes

This section assesses a company's disclosure practices on its anti-corruption programmes. The section comprises of 13 questions derived from the Transparency International – United Nations Global Compact (UNGC) Reporting Guidance on the UNGC's 10th Principle (Anti-corruption). Public disclosure of a company's anti-corruption programme demonstrates the company's commitment to fighting corruption and towards being a responsible corporate citizen.

Section 2: Organisational Transparency

This section contains 8 questions which assess how transparent companies are in their disclosures pertaining to organisational transparency and corporate structures. Public disclosure of a company's organisational structure allows stakeholders to detect and prevent illicit financial flows and financial irregularities.

Section 3: Domestic Financial Reporting

This section includes 5 questions which assess a company's domestic financial disclosures. Public disclosure of domestic finances encourages accountability in the management of public funds collected from companies and enhances their reputation among the communities they assist as responsible corporate citizens.

Section 4: Country-by-Country Reporting

This section follows the same questions included in Section 3; however, it assesses a company's financial disclosures pertaining to their foreign and cross-border operations, where applicable.

Section 5: Reporting on Gender and Sexual Harassment Policies

A new inclusion to the TRAC 2021 Assessment, this section comprising 4 questions, assesses a company's zero-tolerance approach to sexual harassment and commitment to non-discrimination on the basis of gender. This section was introduced as an additional section to the TRAC 2021 Assessment in recognition of the potential for sextortion to occur in the workplace. The institution of a zero-tolerance approach to sexual harassment and the adoption of a gender-neutral recruitment and promotion policy reduces the risks and vulnerabilities of sextortion¹ and non-discrimination of at-risk groups such as females and members of the LGBTQI community.

To see the full codebook for scoring, please refer Annex 2.

1. <https://www.transparency.org/en/blog/sextortion-sexual-offence-or-corruption-offence>

How Were the Companies Selected?

TRAC 2021 assessed the disclosure practices of the top 75 public limited companies in Sri Lanka based on market capitalisation on the Colombo Stock Exchange as at 1st June 2021. (See Annex 3 for the full list of companies assessed in this report). The TRAC 2021 report expanded the scope of the assessment to include 75 companies, which included 26 new companies in addition to the 49 companies assessed in the previous TRAC Assessment (TRAC 2020).² The current report also categorised the assessed companies according to the industry they belong to, as per the Global Industry Classification Standard (GICS) as set out on the Colombo Stock Exchange website.³

On What Information Were Companies Scored?

Companies were scored based on publicly available information pertaining to the company. Information was sourced from the latest Annual Reports (2020 or 2020/21) published by companies, company websites, and other publicly available documents. Companies were provided with the opportunity to provide feedback on their initial scores until 12th November 2021. Therefore, all information made publicly available prior to 12th November 2021 was considered towards the TRAC 2021 Assessment and the report does not capture any information made public thereafter.

The TRAC 2021 Assessment is also limited to direct disclosures made by companies themselves. As such, disclosures which refer to codes of best practices, certification requirements, and other reporting standards that refer to anti-corruption were not considered as adequate forms of disclosure. No information made available on third party sources were considered. Only direct reporting of the company's anti-corruption policies in documents published by the company itself, were considered for the TRAC 2021 Assessment.

How Are Companies Scored?

Data for each of the 30 questions was sourced from publicly available documents. The source of the data was recorded (document title and page number) along with the relevant excerpt which formed the basis for the allocated score. Once all 75 companies were scored, the initial score sheets were shared with the respective companies, and the companies were given the opportunity to provide feedback on their scores. Each company's individual scoresheet may be viewed at www.tisrilanka.org/trac2021.

Of the 75 companies assessed, 25 companies provided written feedback, and 1 company provided verbal feedback. This demonstrates a marked increase in the number of companies that engaged with the TRAC assessment compared to the previous assessment, where only 18% of the companies provided feedback compared to the 35% that provided feedback for this assessment. Feedback provided by companies that was specific, verifiable, and publicly available in the company's Annual Report or website, was considered and scores were revised where applicable.

How Does the Scoring System Work?

The score per question uses a scale from 0 to 1 with equal weight allocated for each question across the first four sections, namely reporting on anti-corruption programmes, organisational transparency, domestic financial reporting, and country by country reporting. Thereafter, the scores obtained by the company are averaged and scaled from 0 to 100% with 100% being the best possible score obtainable. Companies received 1 point for full disclosure, 0.5 for partial disclosure, and scored 0 if the information was either unavailable or unclear.

2. <https://www.tisrilanka.org/TRAC/>

3. <https://www.cse.lk/pages/gics-classification/gics-classification.component.html>

The scoring for the reporting on gender and sexual harassment policies section followed a “Yes/No” scoring criteria. Accordingly, companies that had expressly disclosed policies pertaining to sexual harassment, non-discrimination and gender-neutral recruitment and promotions, were allocated a “Yes” score. Companies that had not disclosed such information, or had vague and unclear, less direct statements, were allocated a “No” score. This section was not considered in the overall scoring and ranking.

How Are Companies Ranked?

The overall ranking was calculated based on the company’s average scores for the following three sections; reporting on anti-corruption programmes, organisational transparency, and domestic financial reporting. Whilst companies were scored on the country-by-country section and the reporting on gender discrimination and sexual harassment policies section, these two sections were not considered towards the company’s overall score and rank. The final rank was obtained by taking an average of the individual scores that companies obtained for the individual sections on anti-corruption, organisational transparency, and domestic financial reporting.

How Was TRAC 2020 Compared to TRAC 2021?

The overall findings of TRAC 2020 and TRAC 2021 are compared throughout this report. Therefore, where an increase or decrease is noted in the present TRAC assessment compared to TRAC 2020, this is an observation of the overall findings of the 75 companies assessed in TRAC 2021 compared to the 49 companies assessed in TRAC 2020. A company-by-company comparison of the 49 companies assessed in TRAC 2020 is also provided, in the section titled “Comparing TRAC 2020 with TRAC 2021” found on page 39.

What Are the Limitations of the TRAC Report?

The TRAC report **does not assess the implementation** of companies’ anti-corruption policies or programmes. Therefore, **a low score does not necessarily mean that a company does not have strong anti-corruption programmes nor does it indicate any wrongdoing on the part of the company.** Conversely, **a high score may not always reflect operational and implementation success of anti-corruption programmes, but merely reflects strong disclosure mechanisms pertaining to anti-corruption, organisational transparency, and domestic financial reporting.**

This assessment seeks to provide a basis upon which a broader discussion can commence on normalising transparency in corporate reporting. This report does not seek to assess companies’ levels of integrity or the strength of their internal controls, but rather focuses on public reporting by companies on anti-corruption policies and procedures and other disclosures with respect to company holdings and key financial data, which are considered as crucial elements in ensuring good corporate governance and mitigating the risk of corruption.

In conducting the research, TISL did not investigate the veracity or completeness of the published information and did not make any judgment about the integrity or completeness of the information provided. Therefore, if a company publishes what it refers to as ‘a full list of its fully consolidated subsidiaries’, this has been accepted at face value, and scored accordingly.

The TRAC report assesses each company independently, regardless of whether they are a parent or subsidiary. Therefore, disclosures made by the parent company regarding the group were not considered towards the scoring of subsidiary companies. Parent and subsidiary companies alike, are held equally and independently to the same standard of corporate disclosure. This requires both parent companies and subsidiary companies to make separate and independent disclosures pertaining to their anti-corruption policies and practices, corporate structure, and financial data.



INTRODUCTION

INTRODUCTION

Transparency and accountability have increasingly become the norm in the corporate world as an essential requirement of good corporate governance. Corporates, ever conscious of their duties as responsible corporate citizens are paying closer attention to matters of bribery and corruption and adopting strong stances against them. Therefore, anti-corruption practices have now become a fundamental part of companies' sustainability reporting structures. In light of the above, this report seeks to assess the level of meaningful disclosures adopted by companies pertaining to their anti-corruption practices and commitments.

Amidst opaque investment deals with companies alleged to have engaged in fraudulent business practices,⁴ concerns over tax amnesty⁵ and most recently, the incriminating revelations of the Pandora Papers which highlight the use of offshore dealings for bribery and corruption,⁶ it is essential that companies maintain high standards of transparency and disclosure in order to uphold their integrity. Most companies recognise bribery and corruption as a high corporate risk that may detrimentally impact their reputation as well as investor and stakeholder confidence in the company. Therefore, globally, companies are committing to follow ethical business practices and strive to contribute towards building an environment of good corporate governance. The Transparency in Corporate Reporting Assessment (TRAC) identifies disclosure and transparency as vital elements of good corporate governance, and encourages companies to strive for high standards of transparency in their reporting, as well as in their day-to-day operations.

This report objectively evaluates the disclosure practices of the top 75 public limited companies in Sri Lanka.⁷ The TRAC report assesses companies on their reporting on anti-corruption programmes, organisational transparency, domestic financial reporting, country-by-country reporting and reporting on gender discrimination and sexual harassment policies. These have been identified as key elements of a robust anti-corruption programme, a commitment to which would be the first step towards the detection and prevention of corruption. The report scores and ranks companies from 1 – 75 to determine how transparent each company is in its corporate reporting. Overall company scores range from 0 to 10, where 0 is the Least Transparent in corporate reporting and 10 is Fully Transparent.

Objectives of TRAC

Transparency International Sri Lanka (TISL) believes that the public disclosure of a company's anti-corruption programme, organisational transparency, domestic financial reporting, country-by-country reporting and reporting on gender discrimination and sexual harassment policies, can demonstrate a public commitment to such principles and by the application of such policies in a practical manner, prevent involvement in corruption. Public disclosure of the above, is important for stakeholders to assess and monitor companies' commitments and implementation of those commitments. TISL's expectation is that periodic TRAC assessments will encourage companies to improve standards of integrity and transparency in business. The most important objective of this assessment is to encourage companies to incorporate and strengthen anti-corruption practices and make this information publicly available.

4. <https://www.tisrilanka.org/tisl-concerned-by-lack-of-transparency-on-ect-investment-proposal/>

5. <https://www.tisrilanka.org/tisl-recommends-enhanced-scrutiny-in-operation-of-the-tax-amnesty/>

6. <https://www.tisrilanka.org/tisls-initial-reaction-to-the-pandora-papers/> ; <https://www.tisrilanka.org/tisl-files-complaint-with-ciab-oc-on-pandora-papers-revelations/> ; <https://www.tisrilanka.org/sri-lankan-law-enforcement-agencies-have-an-opportunity-to-reveal-the-truth-about-pandora-papers/>

7. The top 75 companies were selected based on market capitalization on the Colombo Stock Exchange as at 1st June 2021 (the 49 Companies assessed through the previous TRAC Report (2020) were included in the 2021 assessment and the next top 26 on the Colombo Stock Exchange were selected).

Why is TRAC Relevant?

It is often presumed that corruption occurs only in and because of the public sector. However, the private sector too plays a significant role in the corruption landscape as a complicit participant in the system of corruption that plagues the country. Whether it be to avoid bureaucratic red tape, obtain tax breaks, procure government contracts or to obtain efficient and quick services and regulatory approval, the private sector has been known to offer bribes and engage in corruption at a very large scale. This has been brought to light like never before, in the wake of the explosive revelations of the Pandora Papers. The global public has once again been shocked by the sheer scale of corporate secrecy exposed in the Pandora papers. The Pandora papers highlight the use of offshore shell companies and tax havens for unethical if not illegal dealings, including tax evasion and money laundering. Within Sri Lanka too, we see the exploitation of murky corporate structures and weak anti-corruption programmes to engage in unethical corporate behaviour. This is evident in the gross violation of environmental standards and laws by private construction companies, the prevalent manipulation of markets, and consumer exploitation by certain oligopolies with affiliations to corrupt officials and political connections. Such illegal activity often goes unchecked due to unclear lines of (beneficial) ownership which ensures that the ultimate, human beneficiaries of such corrupt companies face no consequences for wrongdoing.⁸ Therefore, in the face of rampant corruption and bribery in the corporate sector both locally and globally, TRAC becomes a relevant assessment to determine companies' levels of transparency and commitment to anti-corruption. Such scandals highlight the urgent need to end corporate secrecy and encourage corporate transparency instead.

The significant impact that private sector bribery and corruption has on the public, makes TRAC particularly relevant to the greater public as it allows stakeholders to compare and contrast companies' levels of transparency. It can also be used by stakeholders as a tool to demand for the adoption of higher standards of corporate disclosure and ethical business standards, in order to protect their interests in the company.

For businesses themselves, TRAC provides a framework for improvement of their transparency practices, providing them a view of how they fare when compared to their peers. It also allows businesses to improve their brand image, by conforming to better standards. However, the actual conversion of corporate transparency practices to action within companies, will remain the true test of how well businesses fight corruption.

The Results at a Glance

The overall average of the companies indicates that the top 75 public limited companies in Sri Lanka are Moderately Transparent.⁹ The overall average score for the 75 companies in this report is 6.93 out of 10, a slightly stronger performance compared to 2020. The top 75 public limited companies assessed, were only Slightly Transparent¹⁰ in their reporting on anti-corruption programmes with an average result of 36%, while they were Significantly Transparent¹¹ in their reporting on organisational transparency and domestic financial reporting with an average score of 80% and 94% respectively. Country-by-country reporting continues to be the weakest section with companies that have cross-border operations being only Slightly Transparent with an overall average of only 34%.

8. https://www.tisrilanka.org/wp-content/uploads/2021/08/TISL-Submission_Revisions-to-FATF-Recommendation-24-1.pdf ; <https://www.tisrilanka.org/3-steps-to-stop-secret-companies/>

9. Overall company scores range from 0 to 10, where 0 is the Least Transparent in corporate reporting and 10 is Fully Transparent. Companies that have obtained a TRAC score between 6.00 - 7.99 are considered Moderately Transparent.

10. Overall company scores range from 0 to 10, where 0 is the Least Transparent in corporate reporting and 10 is Fully Transparent. Companies that have obtained a TRAC score between 2.00 - 3.99 are considered Slightly Transparent.

11. Overall company scores range from 0 to 10, where 0 is the Least Transparent in corporate reporting and 10 is Fully Transparent. Companies that have obtained a TRAC score between 8.00 - 9.99 are considered Significantly Transparent.

The results of TRAC 2021 show the importance of legally mandated disclosures and the limitations of voluntary disclosure. Sri Lanka has in place regulations which prescribe disclosures pertaining to organisational transparency and domestic financial reporting which may be the reason for the higher scores observed in these sections as opposed to the anti-corruption score, which is a voluntary disclosure. It was also observed that companies tend to neglect financial disclosures of their subsidiaries abroad due to materiality¹² considerations.

A minor increase in the overall score was observed, from 6.73 in the previous year to 6.93 in the current assessment. It must be noted that this does not mean that the companies assessed previously have not improved, but that this insignificant improvement in the overall score, may in part, be due to the increase in the size of the sample from 49 companies to 75 companies. Whilst companies on average remain Moderately Transparent, they should strive to become Fully Transparent across all the sections assessed. The stagnation of the overall score, is indicative of the significant space for improvement in the years to come.

12. Materiality is an accounting term based on which companies select certain items for reports based on their relative significance for the overall company business.

HIGHLIGHTS

6.93/10

**OVERALL, THE COMPANIES
CONSIDERED IN THE REPORT ARE
MODERATELY TRANSPARENT.**

16%

**INCREASE IN THE AVERAGE SCORE FOR
TRANSPARENCY IN ANTI-CORRUPTION
REPORTING, FROM 27% TO 43%**

ONLY 22/63¹³

**COMPANIES HAVE FULL
SCORES IN ORGANISATIONAL
TRANSPARENCY.**

51/75

**COMPANIES HAVE OBTAINED FULL SCORES
IN DOMESTIC FINANCIAL REPORTING.**

**THE OVERALL AVERAGE
SCORE OF THE 49
COMPANIES ASSESSED
IN BOTH 2020 AND
2021 TRAC REPORTS
HAS INCREASED FROM**

6.73 TO 7.25

13. Only 61 out of 75 companies have either fully consolidated subsidiaries or non-fully consolidated holdings.

HIGHLIGHTS

ONLY 14/75

COMPANIES OBTAINED FULL
SCORES FOR TRANSPARENCY ON
GENDER AND SEXUAL
HARASSMENT POLICY
DISCLOSURES.

FULL SCORE FOR COUNTRY-BY-COUNTRY REPORTING

JOHN KEELLS HOTELS PLC AND L B FINANCE PLC

COMPANIES WITH THE HIGHEST SCORES

JOHN KEELLS HOLDINGS PLC, COMMERCIAL BANK OF CEYLON PLC AND
DIALOG AXIATA PLC

RANKED FIRST FOR THE SECOND CONSECUTIVE YEAR

JOHN KEELLS HOLDINGS PLC

MOST IMPROVED COMPANIES

NESTLE LANKA PLC, UNION BANK OF COLOMBO PLC, AND
CEYLON COLD STORES PLC

MOST TRANSPARENT INDUSTRIES

TELECOMMUNICATION SERVICES, INSURANCE, BANKS,
CONSUMER DURABLES AND APPAREL INDUSTRIES

TRAC SCORES



OVERALL TRAC SCORES

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	Industry	Anti-Corruption Programmes	Organisational Transparency	Domestic Financial Reporting	Average	TRAC Score
1	John Keells Holdings PLC	Capital Goods	100%	100%	100%	100%	10.00
2	Commercial Bank of Ceylon PLC	Banks	92%	100%	100%	97%	9.73
2	Dialog Axiata PLC	Telecommunication Services	92%	100%	100%	97%	9.73
4	Ceylon Tobacco Company PLC	Food Beverage & Tobacco	88%	N/A	100%	94%	9.40
5	Dilmah Ceylon Tea Company PLC	Food Beverage & Tobacco	81%	100%	100%	94%	9.37
5	National Development Bank PLC	Banks	81%	100%	100%	94%	9.37
7	Union Bank of Colombo PLC	Banks	96%	100%	80%	92%	9.20
8	Access Engineering PLC	Capital Goods	69%	100%	100%	90%	8.97
8	Union Assurance PLC	Insurance	69%	100%	100%	90%	8.97
10	Nestle Lanka PLC	Food Beverage & Tobacco	77%	N/A	100%	89%	8.85
10	Softlogic Life Insurance PLC	Insurance	77%	N/A	100%	89%	8.85
12	Aitken Spence PLC	Capital Goods	58%	100%	100%	86%	8.60
12	L B Finance PLC	Diversified Financials	58%	100%	100%	86%	8.60
14	Sampath Bank PLC	Banks	54%	100%	100%	85%	8.47
15	Ceylon Cold Stores PLC	Food Beverage & Tobacco	50%	100%	100%	83%	8.33
16	Hemas Holdings PLC	Capital Goods	65%	81%	100%	82%	8.20
16	Nawaloka Hospitals PLC	Health Care Equipment & Services	46%	100%	100%	82%	8.20
18	HNB Finance PLC	Diversified Financials	62%	N/A	100%	81%	8.10
19	Teejay Lanka PLC	Consumer Durables & Apparel	77%	63%	100%	80%	8.00
20	People's Leasing & Finance PLC	Diversified Financials	58%	75%	100%	78%	7.77
21	Alumex PLC	Materials	31%	100%	100%	77%	7.70
21	Laufgs Gas PLC	Energy	31%	100%	100%	77%	7.70
23	Sri Lanka Telecom PLC	Telecommunication Services	54%	75%	100%	76%	7.63
24	Central Finance Company PLC	Diversified Financials	27%	100%	100%	76%	7.57
24	John Keells Hotels PLC	Consumer Services	27%	100%	100%	76%	7.57
26	Aitken Spence Hotel Holdings PLC	Consumer Services	42%	94%	90%	75%	7.53
27	Seylan Bank PLC	Banks	46%	75%	100%	74%	7.37
28	DFCC Bank PLC	Banks	65%	75%	80%	73%	7.33
29	Carson Cumberbatch PLC	Food Beverage & Tobacco	31%	88%	100%	73%	7.30
29	Lanka IOC PLC	Energy	46%	N/A	100%	73%	7.30
31	Singer (Sri Lanka) PLC	Retailing	38%	100%	80%	73%	7.27
32	Windforce PLC	Utilities	54%	63%	100%	72%	7.23
33	Dipped Products PLC	Materials	15%	100%	100%	72%	7.17
33	Nations Trust Bank PLC	Banks	15%	100%	100%	72%	7.17
35	Ceylinco Insurance PLC	Insurance	8%	100%	100%	69%	6.93
36	Trans Asia Hotels PLC	Consumer Services	38%	N/A	100%	69%	6.90
37	Cargills (Ceylon) PLC	Food & Staples Retailing	12%	94%	100%	69%	6.87
37	Melstacorp PLC	Food Beverage & Tobacco	38%	88%	80%	69%	6.87
37	Vallibel Finance PLC	Diversified Financials	31%	75%	100%	69%	6.87

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	Industry	Anti-Corruption Programmes	Organisational Transparency	Domestic Financial Reporting	Average	TRAC Score
40	Hatton National Bank PLC	Banks	42%	63%	100%	68%	6.83
41	Asian Hotels and Properties PLC	Consumer Services	54%	50%	100%	68%	6.80
42	Haycarb PLC	Materials	27%	75%	100%	67%	6.73
43	Chevron Lubricants Lanka PLC	Materials	31%	N/A	100%	66%	6.55
43	LOLC Finance PLC	Diversified Financials	31%	N/A	100%	66%	6.55
45	Ceylon Guardian Investment Trust PLC	Diversified Financials	8%	88%	100%	65%	6.53
46	Expolanka Holdings PLC	Transportation	31%	81%	80%	64%	6.40
46	The Lanka Hospitals Corporation PLC	Health Care Equipment & Services	12%	100%	80%	64%	6.40
46	Watawala Plantations PLC	Food Beverage & Tobacco	42%	50%	100%	64%	6.40
49	Softlogic Holdings PLC	Capital Goods	35%	75%	80%	63%	6.33
50	Bukit Darah PLC	Food Beverage & Tobacco	0%	88%	100%	63%	6.27
51	Tokyo Cement Company (Lanka) PLC	Materials	12%	75%	100%	62%	6.23
52	Hayleys PLC	Capital Goods	23%	63%	100%	62%	6.20
53	Amana Bank PLC	Banks	23%	N/A	100%	62%	6.15
54	Property Development PLC	Real Estate	8%	75%	100%	61%	6.10
55	Vallibel One PLC	Capital Goods	12%	69%	100%	60%	6.03
56	ACL Cables PLC	Capital Goods	8%	88%	80%	59%	5.87
57	Royal Ceramics Lanka PLC	Capital Goods	4%	69%	100%	58%	5.77
58	CIC Holdings PLC	Materials	12%	75%	80%	56%	5.57
59	Overseas Realty (Ceylon) PLC	Real Estate	23%	63%	80%	55%	5.53
60	Lanka Walltiles PLC	Capital Goods	12%	63%	90%	55%	5.50
61	Brown & Company PLC	Capital Goods	15%	69%	80%	55%	5.47
62	Asiri Surgical Hospital PLC	Health Care Equipment & Services	8%	75%	80%	54%	5.43
63	Browns Investments PLC	Food Beverage & Tobacco	12%	69%	80%	54%	5.37
64	C T Holdings PLC	Food & Staples Retailing	8%	50%	100%	53%	5.27
65	LOLC Holdings PLC	Diversified Financials	15%	56%	80%	50%	5.03
65	Asiri Hospital Holdings	Health Care Equipment & Services	8%	63%	80%	50%	5.03
67	Ceylon Beverage Holdings PLC	Food Beverage & Tobacco	0%	50%	100%	50%	5.00
67	Lion Brewery (Ceylon) PLC	Food Beverage & Tobacco	0%	50%	100%	50%	5.00
69	Commercial Leasing & Finance PLC	Diversified Financials	19%	50%	80%	50%	4.97
70	Lanka Tiles PLC	Capital Goods	8%	50%	90%	49%	4.93
71	Sunshine Holdings PLC	Food Beverage & Tobacco	15%	50%	80%	48%	4.83
72	LOLC Development Finance PLC	Diversified Financials	12%	N/A	80%	46%	4.60
72	Richard Pieris & Company PLC	Capital Goods	8%	50%	80%	46%	4.60
74	Distilleries Company of Sri Lanka PLC	Food Beverage & Tobacco	8%	N/A	80%	44%	4.40
74	PGP Glass Ceylon PLC	Materials	8%	N/A	80%	44%	4.40
Average			36%	80%	94%	69%	6.93

Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
0.00 - 1.99	2.00 - 3.99	4.00 - 5.99	6.00 - 7.99	8.00 - 9.99	10.00

OVERALL RESULTS

- The Top 75 public limited companies in Sri Lanka are Moderately Transparent in their corporate reporting, with an average score of 6.93, indicating a marginal increase from the previous year.
 - Only 1 company achieved the full score while 18 companies are considered Significantly Transparent.
 - The Telecommunication Services, Insurance, Banking and Consumer Goods and Apparel industries, are Significantly Transparent.
 - All companies are at the very least, Partially Transparent,¹⁴ with the lowest score being 4.40.
 - 19/75 companies have either full or significant scores for transparency. Of these 4/19 companies are banks, 4/19 belong to the capital goods industry and 4/19 belong to the food, beverage, and tobacco industry.
 - Overall, there has been an improvement in the TRAC 2021 scores compared to 2020.
-

Anti-Corruption Reporting

- Companies were only Slightly Transparent in reporting on their Anti-Corruption Programmes, with an average score of 36%. However, this is an improvement from the previous year's score of 27%.
 - Union Bank of Colombo PLC, Commercial Bank of Ceylon PLC, Dialog Axiata PLC, Ceylon Tobacco Company PLC, Dilmah Ceylon Tea Company PLC and National Development Bank PLC are Significantly Transparent in their anti-corruption reporting.
 - Only 5/75 Companies disclose information on two-way communication with Whistleblowers, but 41/75 companies state that they have anonymous and confidential whistleblowing channels.
 - 69/75 companies commit to compliance with all relevant laws.
 - 3 companies did not disclose any information on their anti-corruption programmes, resulting in an average score of 0.
 - 19/75 Companies prohibit facilitation payments.
 - 21/75 companies prohibit or disclose political contributions.
-

Organisational Transparency

- Companies had significant organisational transparency, with an average score of 80%, indicating a slight decline in organisational transparency compared to 2020. (This may be affected by the increased number of companies assessed)
- All companies have published a list of their fully consolidated subsidiaries and their non-fully consolidated holdings.
- 13/63¹⁵ companies failed to disclose the country of incorporation of fully-consolidated subsidiaries while 16/38¹⁶ companies failed to disclose the country of incorporation of non-fully-consolidated holdings.

14. Overall company scores range from 0 to 10, where 0 is the Least Transparent in corporate reporting and 10 is Fully Transparent. Companies that have obtained a TRAC score between 4.00 - 5.99 are considered Partially Transparent.

15. Of the 75 companies assessed, only 61 have fully consolidated holdings.

16. Of the 75 companies assessed, only 38 have non-fully-consolidated holdings

Domestic Financial Reporting

- 51 companies obtained a full score for transparency in domestic financial reporting, with an average score of 94% across all 75 companies.
- All companies had disclosed their revenue, capital expenditure, pre-tax income, and income tax paid in Sri Lanka.

Country By Country Reporting

- Companies were only Slightly Transparent in country-by-country reporting with an average of 34% across all 31 companies that have cross-border operations.
- All companies having cross-border operations generally neglect country-by-country reporting, with only 2 companies scoring 100%.
- 8/29¹⁷ companies do not disclose financial data of their foreign operations.

Reporting on Gender and Sexual Harassment Policies

- 25% of the companies do not report on gender discrimination and sexual harassment policies.
- 48/75 companies disclose a commitment to non-discrimination or non-discrimination based on gender.

TRAC 2020 vs TRAC 2021

- The overall average score of the 49¹⁸ companies assessed in both TRAC 2020 and TRAC 2021 increased from 6.73 to 7.25.
- 31/49 companies improved their overall average score.
- The average score for reporting on anti-corruption programmes has increased from 27% to 43%.

17. Of the 31 companies that have cross border operations, 2 have yet to commence operations or have wound up operations and as such were scored as “Not Applicable”.

18. As of October 2019, AIA Insurance Lanka was delisted and no longer trades in the Colombo Stock Exchange. The company is now registered as AIA Insurance Lanka Limited. Therefore, only 49 of the 50 companies assessed in the TRAC 2020 Report have been assessed in the 2021 Report.



REPORTING ON ANTI-CORRUPTION PROGRAMMES

In recent years, the corporate sector across the globe has increasingly paid closer attention to anti-corruption compliance, in part due to increased regulatory and legal requirements but also in acknowledgement of the increased reputational risk associated with corruption. Anti-Corruption compliance is best achieved through the adoption of stringent anti-corruption policies and programmes which are designed to prevent, detect and respond to the risk of bribery and corruption. The public disclosure of such anti-corruption programmes demonstrates the company's commitment to fighting corruption and towards being a responsible corporate citizen. This section of the TRAC report assesses companies' public reporting on anti-corruption programmes, assessing disclosures pertaining to vital elements of a robust anti-corruption policy.

This section includes 13 questions which highlight key elements of a robust anti-corruption policy, including a zero-tolerance approach to bribery and corruption, a strong policy on gifts, hospitality and entertainment, the disclosure or prohibition of political contributions, and a confidential and anonymous whistleblowing channel which allows for two-way communication and guarantees the safety of the whistle-blower. Similarly, it is well recognized that a strong anti-corruption policy should be applicable to all employees, directors, agents, and non-controlled entities of the company and should be regularly monitored and updated in accordance with new developments in anti-corruption compliance.

Among specific policies to prevent corruption, policies prohibiting political contributions are disclosed most often, followed closely by policies prohibiting facilitation payments, with policies pertaining to gifts and entertainment being the least disclosed. The publishing of codes of conduct which are applicable to both directors and employees is significantly higher than other disclosures in this section. Whilst there is significant disclosure as to the existence of anonymous and confidential whistleblowing channels, public disclosures as to whether such policies include two-way communication with the whistle-blower is seriously lacking.

TRAC 2021 shows an improvement in results in this section, with companies scoring an average of 36% compared to the 27% scored in the previous year. Despite such an improvement, 51 companies scored below 50% in the anti-corruption reporting section. It is, therefore, evident that there remains space for further improvement in reporting on anti-corruption programmes by companies. On the other hand, it is encouraging to note that in total, the 49 companies that were assessed for both TRAC reports scored higher in 12 out of 13 questions when compared to the 2020 TRAC report, indicating an increase in the levels of transparency amongst the companies assessed in both reports. The only decline was observed in regard to Question 4, which assesses disclosures pertaining to the applicability of the Code of Conduct to both directors and employees. John Keells Holdings PLC, which belongs to the capital goods industry, was the only Fully Transparent company in this section. A further 6 companies were Significantly Transparent, of which three companies belonged to the banking industry, two belonged to the food, beverage and tobacco industry and 1 company belonged to the telecommunication services industry. It is encouraging to note that out of the top 7 companies in this section, three such companies are banks, as banks acting in accordance with high transparency and integrity standards would bode well for the fight against corruption.

Of the three sections considered towards the overall ranking, namely, transparency in anti-corruption reporting, organisational transparency, and domestic financial reporting, the overall average of the anti-corruption section is significantly lower with companies scoring an average of 36% compared to an average of 80% in organisational transparency and 94% in domestic financial reporting. The lower score recorded in the anti-corruption section may be attributable to the following reasons. Whilst the Colombo Stock Exchange Listing Rules requires companies to disclose financial information, it does not require companies to publicly disclose information on their anti-corruption programmes. Therefore, all information publicly disclosed on anti-corruption programmes is on a purely voluntary basis. As such, whilst it is likely that most companies have anti-corruption programmes in place, companies may not consider such information pertinent or relevant for public disclosure, as disclosure is not mandated by law. It must also be acknowledged that public disclosure of anti-corruption programmes does not equal actual performance nor does it equal the company's actual commitment to anti-corruption. Companies are, however, strongly encouraged to widely disclose such information as the extent of public disclosure is an important indicator of companies' commitments and efforts to tackle corruption.

Principle D.5 of the Code of Best Practice on Corporate Governance 2017, issued by The Institute of Chartered Accountants of Sri Lanka, recommends that all companies adopt a Code of Business Conduct and Ethics for all Directors, Key Management Personnel and all employees, which address the topics of bribery and corruption, entertainment and gifts. Schedule J of the Code of Best Practice further stipulates an explicit prohibition for bribery and corruption, sets out standards for accepting and receiving gifts, and encourages reporting of unethical actions without fear of retaliation. Several companies have voluntarily adopted the Code of Best Practice on Corporate Governance 2017 and abide by the standards therein. Whilst this may mean that these companies adopt stringent anti-corruption measures in accordance with the Code of Best Practice, the mere mention that the company abides by the code was not seen as adequate to warrant the companies receiving a score. The TRAC Assessment seeks to encourage and motivate companies to improve upon their disclosure and reporting practices. As such, a simple "tick the box" approach of merely stating compliance with principles set out in the Code of Best Practice, was not considered as an adequate form of disclosure. TISL encourages companies to engage in direct disclosure pertaining to their anti-corruption policies and programmes in a meaningful manner.

REPORTING ON ANTI-CORRUPTION PROGRAMMES

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
1	John Keells Holdings PLC	100%
2	Union Bank of Colombo PLC	96%
3	Commercial Bank of Ceylon PLC	92%
3	Dialog Axiata PLC	92%
5	Ceylon Tobacco Company PLC	88%
6	Dilmah Ceylon Tea Company PLC	81%
6	National Development Bank PLC	81%
8	Nestle Lanka PLC	77%
8	Softlogic Life Insurance PLC	77%
8	Teejay Lanka PLC	77%
11	Access Engineering PLC	69%
11	Union Assurance PLC	69%
13	DFCC Bank PLC	65%
13	Hemas Holdings PLC	65%
15	HNB Finance PLC	62%
16	Aitken Spence PLC	58%
16	L B Finance PLC	58%
16	People's Leasing & Finance PLC	58%
19	Asian Hotels and Properties PLC	54%
19	Sampath Bank PLC	54%
19	Sri Lanka Telecom PLC	54%
19	Windforce PLC	54%
23	Ceylon Cold Stores PLC	50%
24	Lanka IOC PLC	46%
24	Nawaloka Hospitals PLC	46%
24	Seylan Bank PLC	46%
27	Aitken Spence Hotel Holdings PLC	42%
27	Hatton National Bank PLC	42%
27	Watawala Plantations PLC	42%
30	Melstacorp PLC	38%
30	Singer (Sri Lanka) PLC	38%
30	Trans Asia Hotels PLC	38%
33	Softlogic Holdings PLC	35%
34	Alumex PLC	31%
34	Carson Cumberbatch PLC	31%
34	Chevron Lubricants Lanka PLC	31%
34	Expolanka Holdings PLC	31%
34	Laugfs Gas PLC	31%

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
34	LOLC Finance PLC	31%
34	Vallibel Finance PLC	31%
41	Central Finance Company PLC	27%
41	Haycarb PLC	27%
41	John Keells Hotels PLC	27%
44	Amana Bank PLC	23%
44	Hayleys PLC	23%
44	Overseas Realty (Ceylon) PLC	23%
47	Commercial Leasing & Finance PLC	19%
48	Brown & Company PLC	15%
48	Dipped Products PLC	15%
48	LOLC Holdings PLC	15%
48	Nations Trust Bank PLC	15%
48	Sunshine Holdings PLC	15%
53	Browns Investments PLC	12%
53	Cargills (Ceylon) PLC	12%
53	CIC Holdings PLC	12%
53	Lanka Walltiles PLC	12%
53	LOLC Development Finance PLC	12%
53	The Lanka Hospitals Corporation PLC	12%
53	Tokyo Cement Company (Lanka) PLC	12%
53	Vallibel One PLC	12%
61	ACL Cables PLC	8%
61	Asiri Hospital Holdings	8%
61	Asiri Surgical Hospital PLC	8%
61	C T Holdings PLC	8%
61	Ceylinco Insurance PLC	8%
61	Ceylon Guardian Investment Trust PLC	8%
61	Distilleries Company of Sri Lanka PLC	8%
61	Lanka Tiles PLC	8%
61	PGP Glass Ceylon PLC	8%
61	Property Development PLC	8%
61	Richard Pieris & Company PLC	8%
72	Royal Ceramics Lanka PLC	4%
73	Bukit Darah PLC	0%
73	Ceylon Beverage Holdings PLC	0%
73	Lion Brewery (Ceylon) PLC	0%
Average		36%

Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
0.00 - 1.99	2.00 - 3.99	4.00 - 5.99	6.00 - 7.99	8.00 - 9.99	10.00

REPORTING ON ANTI-CORRUPTION PROGRAMMES



ANTI-CORRUPTION IN NUMBERS

Whilst 31 companies published an explicit commitment of zero-tolerance to corruption, only 13 companies had personal statements from the company's leadership which showed support for anti-corruption. This possibly indicates a lack of "tone from the top", a key principle of anti-corruption programmes, which calls upon the company's leadership to demonstrate support for anti-corruption practices and policies.

92% of the companies evaluated received a full score in stating compliance with all laws (which implicitly includes anti-corruption laws). However, at present, Sri Lanka's Bribery Act does not sufficiently capture the issue of private sector corruption. This is, therefore, an area that requires legislative reform to bring the law in line with present day commercial realities.

While 48% of the companies have stated that their anti-corruption policy or code of conduct (which includes anti-corruption provisions) applies to all employees and directors, only 9% stated that they have anti-corruption training programmes for their employees and directors, which may indicate a gap in human resource development priorities, and of the level of importance accorded to anti-corruption in practice.

13 companies publicly disclosed that their anti-corruption programmes apply to agents and other representatives of the company. A further 21 companies disclosed that their anti-corruption policies apply to non-controlled entities such as suppliers but failed to disclose whether they conducted anti-corruption due diligence or subsequent monitoring of such suppliers.

Only 19 companies explicitly prohibit facilitation payments, and only 21 companies prohibit political contributions or publicly divulge the political contributions made. This however, indicates a nearly double increase in such disclosures with 25% prohibiting facilitation payments compared to 12% in the previous assessment and 28% prohibiting or disclosing political contributions compared to the 14% in the previous assessment.

Finally, 27 companies reported that they conduct regular monitoring of their anti-corruption policies and programmes, indicating an increase 6 times over from the previous year from a mere 6% to 36%.

The question that achieved the highest score (92%) sought to assess whether the companies' public documents included a commitment to complying with all relevant laws, including anti-corruption laws. Only 6 companies were not awarded a point for this question. The questions receiving the lowest scores (7-9%) were in relation to companies having training programmes on anti-corruption, gift policies, and two-way communication with whistle-blowers. It is possible that companies do have gift policies and whistle-blower policies in place which provides for two-way communication with the whistle-blower, but did not feel the need to publicly publish such information. It is interesting to note that despite only 5 companies (7%) stating that their whistle-blower policy provides for two-way communication with the whistle-blower, 41 companies (55%) stated that they have whistle-blower policies which ensure confidential and anonymous reporting. Of the 46 companies that mentioned the existence of a whistle-blower policy, only 20 publicly stated that whistle-blowers may report concerns without the risk of reprisal.



ORGANISATIONAL TRANSPARENCY

Company structures are often complex, with a single company comprising of multiple fully consolidated subsidiaries or non-fully consolidated holdings such as associates or joint ventures, which may be incorporated and operated across multiple borders. Some companies keep their organisational structures intentionally vague and opaque, in order to take advantage of tax breaks in foreign jurisdictions, to redistribute profits to tax havens, to engage in bribery, or even to launder money. Organisational transparency is therefore, essential for the general public and shareholders to follow and assess the legality and transparency of financial flows between companies, and to detect and prevent illicit financial flows and financial irregularities. Accordingly, public disclosure of corporate structures limits the opportunities for companies to engage in corruption and cross-border bribery, resulting in less financial irregularities.

This section contains 8 questions which assess whether the top 75 companies in Sri Lanka disclose their fully consolidated subsidiaries and non-fully consolidated subsidiaries. The section also highlights corporate disclosure pertaining to the holding percentage held by the parent company in each subsidiary, associate or joint venture, and the country of incorporation and operation of all fully and non-fully consolidated holdings. It must be noted that the principle of materiality often limits the extent of corporate disclosures made pertaining to corporate structures. However, TISL urges all companies to disclose all their fully consolidated and non-fully consolidated entities, regardless of materiality. In this assessment, whilst most companies were Fully Transparent regarding their list of subsidiaries, associates and joint ventures and their holdings in them, companies were more reluctant to disclose the country of incorporation and operation for all subsidiaries, associates, and joint ventures.

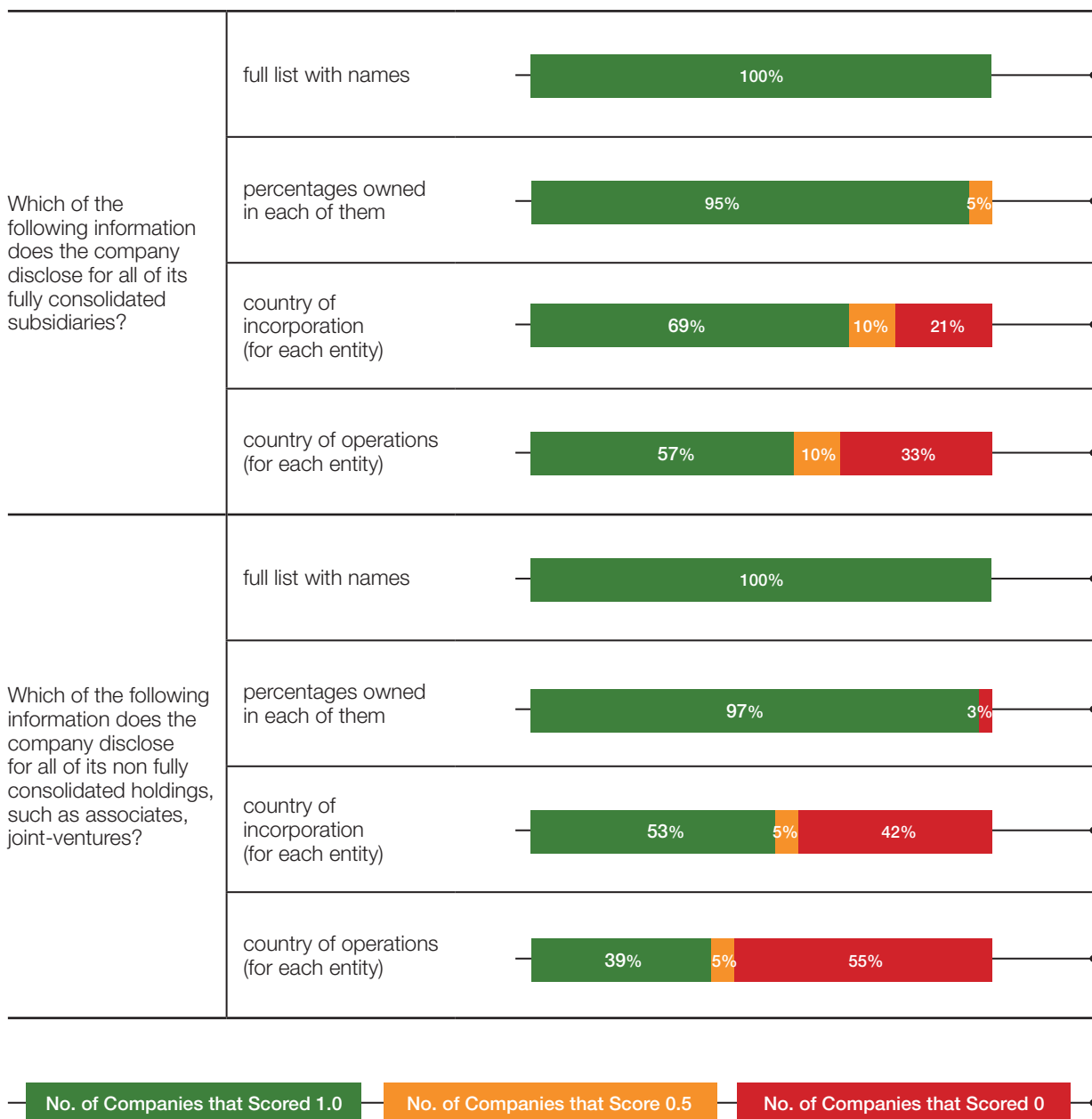
The overall average score for organisational transparency at 80%, is significantly higher than the overall average score recorded for anti-corruption reporting, which is a mere 36%. It is possible that the increase in public disclosure pertaining to organisational transparency may be attributed to section 7.6 (ii) of the Colombo Stock Exchange Listing Rules, which stipulates that companies must include in their Annual Reports and accounts “Principal activities of the Entity and its subsidiaries during the year and any changes therein.” It is possible, therefore, that the higher scores observed in the organisational transparency section, is in part due to the regulatory framework imposed by the Colombo Stock Exchange upon listed entities.

ORGANISATIONAL TRANSPARENCY

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score	Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
1	Access Engineering PLC	100%	32	Softlogic Holdings PLC	75%
1	Aitken Spence PLC	100%	32	Sri Lanka Telecom PLC	75%
1	Alumex PLC	100%	32	Tokyo Cement Company (Lanka) PLC	75%
1	Central Finance Company PLC	100%	32	Vallibel Finance PLC	75%
1	Ceylinco Insurance PLC	100%	43	Brown & Company PLC	69%
1	Ceylon Cold Stores PLC	100%	43	Browns Investments PLC	69%
1	Commercial Bank of Ceylon PLC	100%	43	Royal Ceramics Lanka PLC	69%
1	Dialog Axiata PLC	100%	43	Vallibel One PLC	69%
1	Dilmah Ceylon Tea Company PLC	100%	47	Asiri Hospital Holdings	63%
1	Dipped Products PLC	100%	47	Hatton National Bank PLC	63%
1	John Keells Holdings PLC	100%	47	Hayleys PLC	63%
1	John Keells Hotels PLC	100%	47	Lanka Walltiles PLC	63%
1	L B Finance PLC	100%	47	Overseas Realty (Ceylon) PLC	63%
1	Laugfs Gas PLC	100%	47	Teejay Lanka PLC	63%
1	National Development Bank PLC	100%	47	Windforce PLC	63%
1	Nations Trust Bank PLC	100%	54	LOLC Holdings PLC	56%
1	Nawaloka Hospitals PLC	100%	55	Asian Hotels and Properties PLC	50%
1	Sampath Bank PLC	100%	55	C T Holdings PLC	50%
1	Singer (Sri Lanka) PLC	100%	55	Ceylon Beverage Holdings PLC	50%
1	The Lanka Hospitals Corporation PLC	100%	55	Commercial Leasing & Finance PLC	50%
1	Union Assurance PLC	100%	55	Lanka Tiles PLC	50%
1	Union Bank of Colombo PLC	100%	55	Lion Brewery (Ceylon) PLC	50%
23	Aitken Spence Hotel Holdings PLC	94%	55	Richard Pieris & Company PLC	50%
23	Cargills (Ceylon) PLC	94%	55	Sunshine Holdings PLC	50%
25	ACL Cables PLC	88%	55	Watawala Plantations PLC	50%
25	Bukit Darah PLC	88%	N/A	Amana Bank PLC	N/A
25	Carson Cumberbatch PLC	88%	N/A	Ceylon Tobacco Company PLC	N/A
25	Ceylon Guardian Investment Trust PLC	88%	N/A	Chevron Lubricants Lanka PLC	N/A
25	Melstacorp PLC	88%	N/A	Distilleries Company of Sri Lanka PLC	N/A
30	Expolanka Holdings PLC	81%	N/A	HNB Finance PLC	N/A
30	Hemas Holdings PLC	81%	N/A	Lanka IOC PLC	N/A
32	Asiri Surgical Hospital PLC	75%	N/A	LOLC Development Finance PLC	N/A
32	CIC Holdings PLC	75%	N/A	LOLC Finance PLC	N/A
32	DFCC Bank PLC	75%	N/A	Nestle Lanka PLC	N/A
32	Haycarb PLC	75%	N/A	PGP Glass Ceylon PLC	N/A
32	People's Leasing & Finance PLC	75%	N/A	Softlogic Life Insurance PLC	N/A
32	Property Development PLC	75%	N/A	Trans Asia Hotels PLC	N/A
32	Seylan Bank PLC	75%	Average		80%

Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
0.00 - 1.99	2.00 - 3.99	4.00 - 5.99	6.00 - 7.99	8.00 - 9.99	10.00

ORGANISATIONAL TRANSPARENCY



ORGANISATIONAL TRANSPARENCY IN NUMBERS

Of the 63 companies that have either subsidiaries, associates, or joint ventures, over one-third (35%) of the companies achieved the maximum score of 100%. Of the 22 Fully Transparent companies, it is noteworthy that 5 such companies belong to the banking industry and 3 companies belong to the capital goods industry. It is also encouraging to note that all 63 companies that have either subsidiaries, associates, or joint ventures scored above 50% in the organisational transparency section, indicating that at the very least, all companies are Partially Transparent.

All companies that have fully consolidated subsidiaries or non-fully consolidated holdings, fully disclosed the list of such companies with names. 95% of the companies that have fully consolidated subsidiaries and 97% of the companies that have non-fully consolidated holdings, fully disclosed the percentages owned in each of them.

42 companies disclosed the country of incorporation for all fully consolidated subsidiaries whilst 35 companies disclosed the country of operations for fully consolidated subsidiaries. A similar trend was observed regarding disclosures pertaining to non-fully consolidated holdings where 20 companies disclosed the country of incorporation whereas only 15 companies disclosed the country of operations of associates and joint ventures. It must be noted that some companies disclosed the country of incorporation or the registered office of the company with the assumption that this implied both the place of incorporation and operations. Similarly, some companies disclosed “the principal place of business”, on the assumption that it covered both the place of operation and incorporation. Whilst the “principal place of business” explicitly discloses the country of operations, it cannot be assumed to imply the country of incorporation. The discrepancy between the scores obtained for the questions pertaining to the country of incorporation and operation may therefore be attributed to the generalization of phrases such as “registered office” and “principal place of business” and the general assumption that the country of incorporation must also be the country of operation. Only 5 to 10% of the companies assessed, partially disclosed the country of incorporation and operation for some subsidiaries, associates, or joint ventures, but not for all.

Companies scored an average of 80% in organisational transparency. This compares unfavourably to the average of 86% scored the previous year. The decrease in the overall average score compared to the previous TRAC report may be attributed to the reduction in disclosures pertaining to the country of operation for both fully consolidated subsidiaries and non-fully consolidated holdings. The previous TRAC report recorded 64% of the companies fully disclosing the country of operations for fully consolidated subsidiaries, whilst the current TRAC report records only 57% of the assessed companies making full disclosures for the same question. Similarly, 50% of the companies assessed last year disclosed the country of operations of associates and joint ventures, whilst this year only 37% of the companies disclosed such information.



DOMESTIC FINANCIAL REPORTING

This section of the TRAC report assesses a company's financial disclosures, in particular, their disclosures pertaining to revenue, capital expenditure, pre-tax income, income tax, and community contributions. It is crucial that such financial disclosures are made for two key reasons: first and foremost, companies transfer considerable funds to the government by way of rates, taxes, etc. Public disclosure of such financial transfers empowers citizens to assess how the government manages public funds collected from these companies. It provides the public with the knowledge required to demand that such funds be utilised and managed transparently and with accountability, for the social benefit of the country. Secondly, financial disclosures by the company shows citizens the contributions made by the company to the communities in which they operate. This information not only encourages transparency and accountability in the management of such public funds, but also enhances the reputation of companies within their communities as responsible corporate citizens.

This section comprises of 5 questions which evaluate a company's reporting practices pertaining to domestic financial data. The questions assess how transparent companies are in disclosing their domestic revenue, capital expenditure, income before taxation, income tax, and the company's community contribution. The financial indicators evaluated in this section are industry-neutral and are therefore applicable to all 75 companies assessed.

DOMESTIC FINANCIAL REPORTING

With an overall average of 94%, this was the highest scoring section across all five sections assessed. Notably, all 75 companies received a full score for their domestic financial reporting pertaining to revenue, capital expenditure, income before taxation and income tax paid in Sri Lanka. This may largely be attributable to the legal and regulatory obligations of a company, pertaining to record-keeping, preparation of financial statements, accounting and auditing as prescribed in the Accounting and Auditing Standards Act, the Companies Act, the Securities and Exchange Commission Act, the Monetary Law Act, the Banking Act, the Insurance Act and the Finance Companies Act. As per the Companies Act No. 07 of 2007, all companies are mandated to keep correct accounting records. Sections 150(1), 151, 152(1) and 153 stipulate that the Directors are responsible for the proper recording and maintenance of the books of all accounts of all transactions of the company and its subsidiaries. Similarly, under section 148, the Directors are responsible for preparing the Company Financial Statements that give a true and fair view of the state of affairs of the company and its subsidiaries at the end of each financial year. Section 120 requires that these records be kept available for public inspection. In addition to the obligations placed on companies by the Companies Act, the Accounting and Auditing Standards Act which is applicable to “specified business enterprises” as per section 5, also requires companies to audit their accounts in accordance with section 6.¹⁹ Furthermore, sections 6, 7 and 27 enumerate that non-compliance is punishable. The Accounting and Auditing Standards Monitoring Board monitors companies’ compliance with the standards set out in the Act and reports suspected cases of corruption to the relevant law enforcement authorities.²⁰ Therefore, ostensibly due to the mandatory reporting obligations placed on companies by the Companies Act, the Accounting and Auditing Standards Act and the Colombo Stock Exchange Listing Rules which stipulate the form and content of interim financial disclosures, all companies assessed scored full marks for the questions relating to revenue, capital expenditure, income before tax and income tax in Sri Lanka.

19. This currently comprises of 1,609 enterprises, including private companies and banks.

<https://slaasmb.gov.lk/specified-business-enterprises/> <http://slaasmb.gov.lk/list-of-companies/>

20. UNODC, Country Review Report of Sri Lanka, Review by Palau and Brunei Darussalam of the implementation by Sri Lanka of articles 5-14 and 51-59 of the United Nations Convention against Corruption for the review cycle 2016-2021, pg. 8

DOMESTIC FINANCIAL REPORTING

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score	Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
1	Access Engineering PLC	100%	1	Royal Ceramics Lanka PLC	100%
1	Aitken Spence PLC	100%	1	Sampath Bank PLC	100%
1	Alumex PLC	100%	1	Seylan Bank PLC	100%
1	Amana Bank PLC	100%	1	Softlogic Life Insurance PLC	100%
1	Asian Hotels and Properties PLC	100%	1	Sri Lanka Telecom PLC	100%
1	Bukit Darah PLC	100%	1	Teejay Lanka PLC	100%
1	C T Holdings PLC	100%	1	Tokyo Cement Company (Lanka) PLC	100%
1	Cargills (Ceylon) PLC	100%	1	Trans Asia Hotels PLC	100%
1	Carson Cumberbatch PLC	100%	1	Union Assurance PLC	100%
1	Central Finance Company PLC	100%	1	Vallibel Finance PLC	100%
1	Ceylinco Insurance PLC	100%	1	Vallibel One PLC	100%
1	Ceylon Beverage Holdings PLC	100%	1	Watawala Plantations PLC	100%
1	Ceylon Cold Stores PLC	100%	1	Windforce PLC	100%
1	Ceylon Guardian Investment Trust PLC	100%	52	Aitken Spence Hotel Holdings PLC	90%
1	Ceylon Tobacco Company PLC	100%	52	Lanka Tiles PLC	90%
1	Chevron Lubricants Lanka PLC	100%	52	Lanka Walltiles PLC	90%
1	Commercial Bank of Ceylon PLC	100%	55	ACL Cables PLC	80%
1	Dialog Axiata PLC	100%	55	Asiri Hospital Holdings	80%
1	Dilmah Ceylon Tea Company PLC	100%	55	Asiri Surgical Hospital PLC	80%
1	Dipped Products PLC	100%	55	Brown & Company PLC	80%
1	Hatton National Bank PLC	100%	55	Browns Investments PLC	80%
1	Haycarb PLC	100%	55	CIC Holdings PLC	80%
1	Hayleys PLC	100%	55	Commercial Leasing & Finance PLC	80%
1	Hemas Holdings PLC	100%	55	DFCC Bank PLC	80%
1	HNB Finance PLC	100%	55	Distilleries Company of Sri Lanka PLC	80%
1	John Keells Holdings PLC	100%	55	Expolanka Holdings PLC	80%
1	John Keells Hotels PLC	100%	55	LOLC Development Finance PLC	80%
1	L B Finance PLC	100%	55	LOLC Holdings PLC	80%
1	Lanka IOC PLC	100%	55	Melstacorp PLC	80%
1	Laufgs Gas PLC	100%	55	Overseas Realty (Ceylon) PLC	80%
1	Lion Brewery (Ceylon) PLC	100%	55	PGP Glass Ceylon PLC	80%
1	LOLC Finance PLC	100%	55	Richard Pieris & Company PLC	80%
1	National Development Bank PLC	100%	55	Singer (Sri Lanka) PLC	80%
1	Nations Trust Bank PLC	100%	55	Softlogic Holdings PLC	80%
1	Nawaloka Hospitals PLC	100%	55	Sunshine Holdings PLC	80%
1	Nestle Lanka PLC	100%	55	The Lanka Hospitals Corporation PLC	80%
1	People's Leasing & Finance PLC	100%	55	Union Bank of Colombo PLC	80%
1	Property Development PLC	100%	Average		94%

Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
0.00 - 1.99	2.00 - 3.99	4.00 - 5.99	6.00 - 7.99	8.00 - 9.99	10.00

DOMESTIC FINANCIAL REPORTING



DOMESTIC FINANCIAL REPORTING IN NUMBERS

All 75 companies disclosed their domestic revenue, capital expenditure, income before tax, and income tax. A similar trend was observed in the previous report where all companies assessed scored a full mark for these indicators. Of the 75 companies assessed, 51 companies are Fully Transparent in their domestic financial disclosures.

66% of the companies that provide community contributions, reported on the amount spent and how it was spent. This, unfortunately, indicates a 4-point drop from the 70% recorded in the previous TRAC report. 4% of the companies disclosed the amount spent on community contributions, but did not disclose how the money was spent, or did not provide a description of the community contribution. Finally, 30% of the companies assessed described their community contributions, but did not mention the amount spent.



COUNTRY-BY-COUNTRY REPORTING

Many companies today are multi-national entities with operations across diverse jurisdictions and tax regimes. These companies contribute financially to the communities in which they operate through taxes, investment, and community contributions. Despite companies engaging in cross-border operations, most companies assessed in this report have not disclosed financial information regarding their foreign operations. This section evaluates the transparency of the top 75 companies regarding the financial disclosures of their overseas subsidiaries. Similar to the section on domestic financial reporting, this section too comprises 5 industry neutral indicators namely, revenues, capital expenditure, income before taxation, income tax, and community contributions.

Of the 75 companies assessed, 31 companies had subsidiaries operating in foreign jurisdictions. Of these 31 companies, 2 companies²¹ were not scored as they had either yet to commence operations in the foreign jurisdiction or had wound up operations in the foreign jurisdiction and were therefore, considered as “Not Applicable”. The average company score for country-by-country reporting is 34%, which is the lowest overall average score across all the sections. Compared to the previous TRAC report, there has been a marginal increase in the overall average score from 33% to 34% which indicates that there has been little to no improvement in this section. On the other hand, it is heartening to record that two companies, namely L B Finance PLC which belongs to the diversified financials industry, and John Keells Hotels PLC which belongs to the consumer services industry, scored 100% in this section and were assessed as Fully Transparent in this category.

21. Asiri Hospital Holdings PLC is yet to commence operations in Singapore and Myanmar and Watawala Plantations PLC has liquidated its subsidiary in Australia.

COUNTRY-BY-COUNTRY REPORTING

It is also observed that the level of domestic disclosure is significantly higher than the level of disclosure for foreign operations. Despite being assessed on the same indicators across both sections, it is evident that companies have weaker disclosures of their revenue, capital expenditure, income before taxation, income tax, and community contributions in foreign jurisdictions. In keeping with the Colombo Stock Exchange Listing Rules Section 7.4 (b)(i) and the Sri Lanka Accounting Standards (LKAS) 34 which stipulate that the financial statements should reflect the group and company separately, in addition to the company's financial information, the assessment found that holding companies disclose their financial information for the group as a whole, including overseas subsidiaries, but do not specify the financial data for each country of operation.

In addition to the above, companies usually do not disclose financial information in all their countries of operation based on the principle of materiality. This means that disclosure on subsidiaries is often limited to those subsidiaries which are considered significant or material, regardless of their country of operation. Materiality is an accounting term based on which companies select certain items for reports based on their relative significance for the overall company business. This principle leaves room for a subjective interpretation of what is considered significant, leaving too much discretion on disclosure to the companies themselves. The use of the materiality criterion considerably limits disclosure of a company's cross border financial data. TISL therefore, recommends that companies disclose financial data for all foreign subsidiaries, across all countries of operation. If companies can make full domestic disclosure, this level of transparency should be achievable for all countries where they operate. Therefore, TISL encourages all companies to strive towards greater transparency in their country-by-country disclosures in the future.

COUNTRY-BY-COUNTRY REPORTING

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	Total Points	TRAC Score
1	John Keells Hotels PLC	5.00	100%
2	L B Finance PLC	5.00	100%
3	Bukit Darah PLC	4.00	80%
3	Carson Cumberbatch PLC	4.00	80%
3	Laugfs Gas PLC	4.00	80%
3	People's Leasing & Finance PLC	4.00	80%
7	Hayleys PLC	3.14	63%
8	Commercial Bank of Ceylon PLC	3.00	60%
8	John Keells Holdings PLC	3.00	60%
8	Lanka Walltiles PLC	3.00	60%
11	Royal Ceramics Lanka PLC	2.50	50%
12	Ceylinco Insurance PLC	2.00	40%
13	Haycarb PLC	1.71	34%
14	Dipped Products PLC	1.00	20%
14	National Development Bank PLC	1.00	20%
14	Teejay Lanka PLC	1.00	20%
17	Aitken Spence PLC	0.63	13%
18	LOLC Holdings PLC	0.62	12%
19	Vallibel One PLC	0.33	7%
20	Brown & Company PLC	0.20	4%
21	Melstacorp PLC	0.14	3%
22	Access Engineering PLC	0.00	0%
22	Aitken Spence Hotel Holdings PLC	0.00	0%
22	Browns Investments PLC	0.00	0%
22	CIC Holdings PLC	0.00	0%
22	Expolanka Holdings PLC	0.00	0%
22	Hemas Holdings PLC	0.00	0%
22	Softlogic Holdings PLC	0.00	0%
22	Windforce PLC	0.00	0%
N/A	Asiri Hospital Holdings	N/A	N/A
N/A	Watawala Plantations PLC	N/A	N/A

Least Transparent	0.00 - 1.99
Slightly Transparent	2.00 - 3.99
Partially Transparent	4.00 - 5.99
Moderately Transparent	6.00 - 7.99
Significantly Transparent	8.00 - 9.99
Fully Transparent	10.00

COUNTRY-BY-COUNTRY REPORTING IN NUMBERS

13 of the 31 companies that operate in foreign jurisdictions score below 20% and are Least Transparent in their country-by-country disclosures, while 6 companies are classified as Significantly Transparent or higher in their country-by-country reporting. Overall, however, companies are only Slightly Transparent in their country-by-country reporting with an average of 34%. 8 companies scored 0 in their country-by-country reporting, failing to disclose all five of the indicators assessed in this section.

The most disclosed indicator is revenue, with 12 companies scoring full points and 8 companies obtaining a partial score. The least disclosed item is community contributions for which only 2 companies score a full score, and another 2 companies obtained a partial score. 9 companies disclose both income tax and income before taxation of their overseas operations. It must be noted however, that whilst only 9 companies were recorded as having disclosed their income tax, several companies had disclosed the tax rates applicable overseas. However, since they failed to disclose the amount of tax paid, they received a score of 0 for question 25.



REPORTING ON GENDER AND SEXUAL HARASSMENT POLICIES

This section is a new addition to the TRAC 2021 Assessment. Reporting on gender and sexual harassment was introduced as a new section in recognition of the potential for sextortion²² to occur in the workplace. Sextortion is defined as the “abuse of power to obtain a sexual benefit or advantage. Sextortion is a form of corruption in which sex rather than money, is the currency of the bribe.”²³ Sextortion in the workplace may occur or be requested in exchange for recruitment, promotions, pay raises, better working conditions, positive performance reviews, or any other form of advancement within the workplace. This is a common phenomenon in the public sector²⁴ and may be equally prevalent in the corporate sector as well. Most companies function with clear hierarchies and lines of authority, which may place women and other at-risk groups in a vulnerable position when dealing with authority figures, especially at the time of recruitment and promotion within the company. Sextortion may also occur in transactions between the company and third-party stakeholders as evidenced by allegations of sextortion brought against employees of micro finance companies, by clients.²⁵ Strong sexual harassment policies that govern the conduct of employees and directors both within the workplace and in third party transactions is essential to address sextortion and to protect the public from exploitation.

22. <https://www.transparency.org/en/blog/sextortion-sexual-offence-or-corruption-offence>

23. IAWJ, Marval O’Farrell Mairal, Thomson Reuters Foundation (2015), “Combatting Sextortion: A Comparative Study of Laws to Prosecute Corruption Involving Sexual Exploitation”

24. TISL, Global Corruption Barometer 2019 Sri Lanka (2019) <https://www.tisrilanka.org/wp-content/uploads/2019/12/GCB2019.pdf>

25. <https://www.ft.lk/opinion/Quid-pro-quo--A-study-of-sexual-bribery-in-Sri-Lanka/14-694260>

REPORTING ON GENDER AND SEXUAL HARASSMENT POLICIES

As sextortion takes the form of a “quid pro quo” sexual harassment, one method of addressing this in the workplace is through the institution of a zero-tolerance approach to sexual harassment. Similarly, the adoption of a gender-neutral recruitment and promotion policy reduces the risks and vulnerabilities of at-risk groups such as females and members of the LGBTQI community. This section therefore, assessed the disclosure practices of company policies on gender and sexual harassment. The section comprises of 4 questions recording whether the company has a zero-tolerance approach to sexual harassment, is a gender-neutral or equal opportunity employer at the time of recruitment and promotion, and if the company has made an explicit commitment to non-discrimination on the basis of gender.

The scoring for this section adopted a “Yes/No” approach, with companies that disclosed information pertaining to the above being allocated a “Yes” score, whilst companies that did not disclose such information, or had vague, unclear statements, were allocated a “No” score. Therefore, even if companies stated that they were “equal opportunity employers” but did not mention that they adopted a gender-neutral recruitment or promotion policy, a score was not allocated.

REPORTING ON GENDER AND SEXUAL HARASSMENT POLICIES

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	Total Number of "Yes"	Percentage Score Based on Number of "Yes" Scored	Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	Total Number of "Yes"	Percentage Score Based on Number of "Yes" Scored
1	Access Engineering PLC	4	100%	33	Melstacorp PLC	2	50%
1	Alumex PLC	4	100%	33	National Development Bank PLC	2	50%
1	Asian Hotels and Properties PLC	4	100%	33	Nestle Lanka PLC	2	50%
1	Ceylon Cold Stores PLC	4	100%	33	Overseas Realty (Ceylon) PLC	2	50%
1	Ceylon Tobacco Company PLC	4	100%	33	Royal Ceramics Lanka PLC	2	50%
1	Dilmah Ceylon Tea Company PLC	4	100%	33	Vallibel Finance PLC	2	50%
1	Dipped Products PLC	4	100%	33	Vallibel One PLC	2	50%
1	Hayleys PLC	4	100%	46	Amana Bank PLC	1	25%
1	John Keells Holdings PLC	4	100%	46	Brown & Company PLC	1	25%
1	John Keells Hotels PLC	4	100%	46	Browns Investment PLC	1	25%
1	LB Finance PLC	4	100%	46	Central Finance Company PLC	1	25%
1	Softlogic Holdings PLC	4	100%	46	Ceylinco Insurance PLC	1	25%
1	Trans Asia Hotel PLC	4	100%	46	DFCC Bank PLC	1	25%
1	Watawala Plantations PLC	4	100%	46	Lanka Tiles PLC	1	25%
15	ACL Cables PLC	3	75%	46	LOLC Holdings PLC	1	25%
15	Aitken Spence PLC	3	75%	46	Nations Trust Bank PLC	1	25%
15	Cargills (Ceylon) PLC	3	75%	46	Teejay Lanka PLC	1	25%
15	Expolanka Holdings PLC	3	75%	46	Union Bank of Colombo PLC	1	25%
15	Hemas Holdings PLC	3	75%	57	Asiri Hospital Holdings PLC	0	0%
15	HNB Finance PLC	3	75%	57	Asiri Surgical Hospital PLC	0	0%
15	Laugfs Gas PLC	3	75%	57	Bukit Darah PLC	0	0%
15	Nawaloka Hospitals PLC	3	75%	57	C T Holdings PLC	0	0%
15	People's Leasing & Finance PLC	3	75%	57	Carson Cumberbatch PLC	0	0%
15	Richard Pieris & Company PLC	3	75%	57	Ceylon Beverage Holdings PLC	0	0%
15	Sampath Bank PLC	3	75%	57	Ceylon Guardian Investment Trust PLC	0	0%
15	Seylan Bank PLC	3	75%	57	Chevron Lubricants Lanka PLC	0	0%
15	Singer (Sri Lanka) PLC	3	75%	57	CIC Holdings PLC	0	0%
15	Softlogic Life Insurance PLC	3	75%	57	Commercial Bank fo Ceylon PLC	0	0%
15	Sri Lanka Telecom PLC	3	75%	57	Dialog Axiata PLC	0	0%
15	Sunshine Holdings PLC	3	75%	57	Distilleries Company of Sri Lanka	0	0%
15	Union Assurance PLC	3	75%	57	Lion Brewery (Ceylon) PLC	0	0%
15	Windforce PLC	3	75%	57	LOLC Development Finance PLC	0	0%
33	Aitken Spence Hotel Holdings PLC	2	50%	57	LOLC Finance PLC	0	0%
33	Commercial Leasing & Finance PLC	2	50%	57	PGP Glass Ceylon PLC	0	0%
33	Hatton National Bank PLC	2	50%	57	Property Development PLC	0	0%
33	Haycarb PLC	2	50%	57	The Lanka Hospitals Corporation	0	0%
33	Lanka IOC PLC	2	50%	57	Tokyo Cement Company (Lanka) PLC	0	0%
33	Lanka Walltiles PLC	2	50%				

REPORTING ON GENDER AND SEXUAL HARASSMENT POLICIES

Does the company have a publicly stated policy against sexual harassment?

44%

56%

Does the company adopt a gender inclusive/equal opportunity recruitment policy?

57%

43%

Does the company adopt a gender inclusive/equal opportunity promotion policy?

33%

67%

Does the company have a publicly stated commitment to non-discrimination based on gender?

64%

36%

No. of Companies that Answered "Yes"

No. of Companies that Answered "No"

REPORTING ON GENDER AND SEXUAL HARASSMENT IN NUMBERS

14 companies scored a "Yes" for all 4 questions in this section and are therefore, Fully Transparent in their disclosures on gender and sexual harassment policies. 18 companies scored Yes for 3 questions, 13 scored Yes for 2 questions and 11 companies scored yes for 1 question. It is disheartening to note that 19 companies accounting for 25% of the companies evaluated, received a "No" for all 4 questions.

64% explicitly committed to non-discrimination on the basis of gender or non-discrimination which was assumed to include non-discrimination on the basis of gender. 43 companies disclosed that they adopted a gender-neutral or equal opportunity recruitment policy. On the other hand, only 25 companies explicitly stated that they adopted a gender-neutral or equal opportunity promotion policy.

It is concerning that 56% of the companies did not disclose a zero-tolerance approach to sexual harassment or at the very least, mention the existence of a sexual harassment policy. The adoption of a sexual harassment policy and the dissemination of the company's zero tolerance approach to sexual harassment is a vital element in addressing sextortion. Whilst it is acknowledged that the lack of such disclosures does not mean that the company does not have such policies in place, companies are encouraged to expressly state and communicate their disapproval for sexual harassment in the workplace.



COMPARING TRAC 2020 WITH TRAC 2021

On conducting an analysis of the scores obtained in this report in comparison to the previous TRAC report, companies have shown a slight improvement in their scores in the TRAC 2021 Assessment.²⁶ The overall average score of the 49 companies assessed in both reports increased marginally from 6.73 to 7.25. Furthermore, 31 of the companies assessed in the previous report have improved their overall average score. Whilst there was no significant increase in the overall score of the 49 companies assessed, there was a marked increase in the average score for the reporting on anti-corruption programmes section which increased from 27% to 43%. This indicates that some companies that were assessed in the previous report have made a conscious effort to improve their anti-corruption reporting.

The ranking of companies assessed in both years cannot be definitively compared. However, it was noted that some companies that ranked highly the previous year did not improve in their overall average score, and were, therefore, outranked by companies that consciously improved their disclosure practices.

26. This comparison was relevant only for the 49 companies assessed in both TRAC Reports (TRAC 2020 and TRAC 2021).

COMPARING TRAC 2020 WITH TRAC 2021

The 49 companies assessed in both TRAC assessments scored higher in 12 out of 13 questions in the “reporting on anti-corruption programmes” section, with the only exception being a marginal decrease in reporting on the code of conduct applying to both directors and all employees. The companies also scored higher in 6 out of 8 questions in the organisational transparency section, with the only decline seen in disclosures pertaining to the country of operations of fully consolidated subsidiaries and non-fully consolidated holdings. Finally, there was no change observed in the financial disclosures of the companies as all 49 companies scored full points for their disclosures on revenue, capital expenditure, income before taxation, and income tax in both reports. Companies also improved in their disclosure of community contributions from 62% of companies in the previous assessment to 66% in the present assessment.

Of the companies assessed in both TRAC 2020 and TRAC 2021, Nestle Lanka PLC was the most improved, with its overall score improving by 35% and its rank increasing from 43 the previous year, to 10 in TRAC 2021 in spite of the increased number of companies assessed this year. Union Bank of Colombo PLC showed similar progress and improved by 26% and improved its rank from 27 in the previous TRAC assessment to 7 in the current assessment. Finally, it must be noted that Ceylon Cold Stores PLC too improved its overall average score by 21% and improved its rank from 33 to 15 in TRAC 2021. As such, Nestle Lanka PLC, Union Bank of Colombo PLC, and Ceylon Cold Stores PLC are the most improved companies in the TRAC 2021 assessment.

TISL encourages all companies assessed to engage with the TRAC assessment and provide feedback. However, it is encouraging that some companies have improved their overall scores based on the findings and methodology of the previous TRAC report, despite not engaging with the TRAC assessment. Despite not providing feedback and engaging with the TRAC assessment, certain companies have improved their scores drastically, which may be considered a testament to the effectiveness of the TRAC report in encouraging companies to improve their public disclosures on anti-corruption, organisational transparency, and domestic financial reporting.

COMPARING TRAC 2020 WITH TRAC 2021

Overall Ranking			
Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	Rank		
	2020	2021	Variance in Ranking
John Keells Holdings PLC	1	1	→
Seylan Bank PLC	2	27	↓
Hemas Holdings PLC	3	16	↓
National Development Bank PLC	3	5	↓
People's Leasing & Finance PLC	3	20	↓
Aitken Spence PLC	6	12	↓
Softlogic Life Insurance PLC	7	10	↓
Commercial Bank of Ceylon PLC	8	2	↑
Dialog Axiata PLC	9	2	↑
Ceylon Tobacco Company PLC	9	4	↑
Dilmah Ceylon Tea Company PLC	9	5	↑
L B Finance PLC	9	12	↓
Hayleys PLC	13	52	↓
Sampath Bank PLC	14	14	→
Teejay Lanka PLC	15	19	↓
Hatton National Bank PLC	16	40	↓
John Keells Hotels PLC	16	24	↓
Union Assurance PLC	16	8	↑
Access Engineering PLC	19	8	↑
Nations Trust Bank PLC	19	33	↓
Melstacorp PLC	21	37	↓
LOLC Holdings PLC	22	65	↓
Sri Lanka Telecom PLC	22	23	↓
Cargills (Ceylon) PLC	24	37	↓
The Lanka Hospital Corporation PLC	25	46	↓
Ceylinco Insurance PLC	26	35	↓
Central Finance Company PLC	27	24	↑
Union Bank of Colombo PLC	27	7	↑
Asian Hotels and Properties PLC	29	41	↓
Lanka IOC PLC	31	29	↑
Softlogic Holdings PLC	32	49	↓
Ceylon Cold Stores PLC	33	15	↑
DFCC Bank PLC	34	28	↑
Trans Asia Hotels PLC	35	36	↓
Vallibel One PLC	36	55	↓
Bukit Darah PLC	37	50	↓
Carson Cumberbatch PLC	37	29	↑
Overseas Realty (Ceylon) PLC	39	59	↓
Brown and Company PLC	40	61	↓
Commercial Leasing & Finance PLC	41	69	↓
Asiri Hospital Holdings PLC	42	65	↓
Nestle Lanka PLC	43	10	↑
LOLC Finance PLC	44	43	↑
Chevron Lubricants Lanka PLC	45	43	↑
Distilleries Company of Sri Lanka PLC	46	74	↓
CT Holdings PLC	47	64	↓
Richard Pieris & Company PLC	48	72	↓
Ceylon Beverages Holdings PLC	49	67	↓
Lion Brewery (Ceylon) PLC	49	67	↓

Scoring has Improved	↑
Scoring has Not Changed	→
Scoring has Decreased	↓

Overall Ranking with All Scores									
Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	Anti-Corruption Programmes			Organisational Transparency			Domestic Financial Reporting		
	2020	2021	Variance	2020	2021	Variance	2020	2021	Variance
John Keells Holdings PLC	65%	100%	↑	100%	100%	→	100%	100%	→
Seylan Bank PLC	62%	46%	↑	100%	75%	↓	100%	100%	→
Hemas Holdings PLC	46%	65%	↑	100%	81%	↓	100%	100%	→
National Development Bank PLC	46%	81%	↑	100%	100%	→	100%	100%	→
People's Leasing & Finance PLC	46%	58%	↑	100%	75%	↓	100%	100%	→
Aitken Spence PLC	38%	58%	↑	100%	100%	→	100%	100%	→
Softlogic Life Insurance PLC	58%	77%	↑	N/A	N/A	N/A	100%	100%	→
Commercial Bank of Ceylon PLC	35%	92%	↑	100%	100%	→	100%	100%	→
Dialog Axiata PLC	58%	92%	↑	75%	100%	↑	100%	100%	→
Ceylon Tobacco Company PLC	54%	88%	↑	N/A	N/A	N/A	100%	100%	→
Dilmah Ceylon Tea Company PLC	31%	81%	↑	100%	100%	→	100%	100%	→
L B Finance PLC	31%	58%	↑	100%	100%	→	100%	100%	→
Hayleys PLC	27%	23%	↓	100%	63%	↓	100%	100%	→
Sampath Bank PLC	38%	54%	↑	88%	100%	↑	100%	100%	→
Teejay Lanka PLC	69%	77%	↑	75%	63%	↓	80%	100%	↑
Hatton National Bank PLC	35%	42%	↑	88%	63%	↓	100%	100%	→
John Keells Hotels PLC	23%	27%	↑	100%	100%	→	100%	100%	→
Union Assurance PLC	23%	69%	↑	100%	100%	→	100%	100%	→
Access Engineering PLC	31%	69%	↑	88%	100%	↑	100%	100%	→
Nations Trust Bank PLC	19%	15%	↓	100%	100%	→	100%	100%	→
Melstacorp PLC	38%	38%	→	100%	88%	↓	80%	80%	→
LOLC Holdings PLC	15%	15%	→	100%	56%	↓	100%	80%	↓
Sri Lanka Telecom PLC	27%	54%	↑	88%	75%	↓	100%	100%	→
Cargills (Ceylon) PLC	38%	12%	↓	75%	94%	↑	100%	100%	→
The Lanka Hospital Corporation PLC	12%	12%	→	100%	100%	→	100%	80%	↓
Ceylinco Insurance PLC	8%	8%	→	100%	100%	→	100%	100%	→
Central Finance Company PLC	19%	27%	↑	100%	100%	→	80%	100%	↑
Union Bank of Colombo PLC	19%	96%	↑	100%	100%	→	80%	80%	→
Asian Hotels and Properties PLC	23%	54%	↑	75%	50%	↓	100%	100%	→
Lanka IOC PLC	15%	46%	↑	75%	N/A	→	100%	100%	→
Softlogic Holdings PLC	8%	35%	↑	81%	75%	↓	100%	80%	↓
Ceylon Cold Stores PLC	38%	50%	↑	50%	100%	↑	100%	100%	→
DFCC Bank PLC	31%	65%	↑	75%	75%	→	80%	80%	→
Trans Asia Hotels PLC	23%	38%	↑	N/A	N/A	N/A	100%	100%	→
Vallibel One PLC	12%	12%	→	69%	69%	→	100%	100%	→
Bukit Darah PLC	0%	0%	→	100%	88%	↓	80%	100%	↑
Carson Cumberbatch PLC	0%	31%	↑	100%	88%	↓	80%	100%	↑
Overseas Realty (Ceylon) PLC	23%	23%	→	75%	63%	↓	80%	80%	→
Brown and Company PLC	19%	15%	↓	75%	69%	↓	80%	80%	→
Commercial Leasing & Finance PLC	15%	19%	↑	75%	50%	↓	80%	80%	→
Asiri Hospital Holdings PLC	8%	8%	→	81%	63%	↓	80%	80%	→
Nestle Lanka PLC	8%	77%	↑	N/A	N/A	N/A	100%	100%	→
LOLC Finance PLC	27%	31%	↑	N/A	N/A	N/A	80%	100%	↑
Chevron Lubricants Lanka PLC	23%	31%	↑	N/A	N/A	N/A	80%	100%	↑
Distilleries Company of Sri Lanka PLC	15%	8%	↓	50%	N/A	N/A	80%	80%	↑
CT Holdings PLC	0%	8%	↑	63%	50%	↓	80%	100%	↑
Richard Pieris & Company PLC	12%	8%	↓	50%	50%	→	80%	80%	↑
Ceylon Beverages Holdings PLC	0%	0%	→	50%	50%	→	80%	100%	↑
Lion Brewery (Ceylon) PLC	0%	0%	→	50%	50%	→	80%	100%	↑

Overall Ranking with All Scores							Scoring has Improved	↑
Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	Average			TRAC Score			Scoring has Not Changed	→
	2020	2021	Variance	2020	2021	Variance	Scoring has Decreased	↓
John Keells Holdings PLC	88%	100%	↑	8.83	10.00	↑		
Seylan Bank PLC	87%	74%	↓	8.73	7.37	↓		
Hemas Holdings PLC	82%	82%	→	8.20	8.20	→		
National Development Bank PLC	82%	94%	↑	8.20	9.37	↑		
People's Leasing & Finance PLC	82%	78%	↓	8.20	7.77	↓		
Aitken Spence PLC	79%	86%	↑	7.93	8.60	↑		
Softlogic Life Insurance PLC	79%	89%	↑	7.90	8.85	↑		
Commercial Bank of Ceylon PLC	78%	97%	↑	7.83	9.73	↑		
Dialog Axiata PLC	78%	97%	↑	7.77	9.73	↑		
Ceylon Tobacco Company PLC	77%	94%	↑	7.70	9.40	↑		
Dilmah Ceylon Tea Company PLC	77%	94%	↑	7.70	9.37	↑		
L B Finance PLC	77%	86%	↑	7.70	8.60	↑		
Hayleys PLC	76%	62%	↓	7.57	6.20	↓		
Sampath Bank PLC	75%	85%	↑	7.53	8.47	↑		
Teejay Lanka PLC	75%	80%	↑	7.47	8.00	↑		
Hatton National Bank PLC	74%	68%	↓	7.43	6.83	↓		
John Keells Hotels PLC	74%	76%	↑	7.43	7.57	↑		
Union Assurance PLC	74%	90%	↑	7.43	8.97	↑		
Access Engineering PLC	73%	90%	↑	7.30	8.97	↑		
Nations Trust Bank PLC	73%	72%	↓	7.30	7.17	↓		
Melstacorp PLC	73%	69%	↓	7.27	6.87	↓		
LOLC Holdings PLC	72%	50%	↓	7.17	5.03	↓		
Sri Lanka Telecom PLC	72%	76%	↑	7.17	7.63	↑		
Cargills (Ceylon) PLC	71%	69%	↓	7.10	6.87	↓		
The Lanka Hospital Corporation PLC	71%	64%	↓	7.07	6.40	↓		
Ceylinco Insurance PLC	69%	69%	→	6.93	6.93	→		
Central Finance Company PLC	66%	76%	↑	6.63	7.57	↑		
Union Bank of Colombo PLC	66%	92%	↑	6.63	9.20	↑		
Asian Hotels and Properties PLC	66%	68%	↑	6.60	6.80	↑		
Lanka IOC PLC	63%	73%	↑	6.33	7.30	↑		
Softlogic Holdings PLC	63%	63%	→	6.30	6.33	↑		
Ceylon Cold Stores PLC	63%	83%	↑	6.27	8.33	↑		
DFCC Bank PLC	62%	73%	↑	6.20	7.33	↑		
Trans Asia Hotels PLC	62%	69%	↑	6.15	6.90	↑		
Vallibel One PLC	60%	60%	→	6.03	6.03	→		
Bukit Darah PLC	60%	63%	↑	6.00	6.27	↑		
Carson Cumberbatch PLC	60%	73%	↑	6.00	7.30	↑		
Overseas Realty (Ceylon) PLC	59%	55%	↓	5.93	5.53	↓		
Brown and Company PLC	58%	55%	↓	5.80	5.47	↓		
Commercial Leasing & Finance PLC	57%	50%	↓	5.67	4.97	↓		
Asiri Hospital Holdings PLC	56%	50%	↓	5.63	5.03	↓		
Nestle Lanka PLC	54%	89%	↑	5.40	8.85	↑		
LOLC Finance PLC	54%	66%	↑	5.35	6.55	↑		
Chevron Lubricants Lanka PLC	52%	66%	↑	5.15	6.55	↑		
Distilleries Company of Sri Lanka PLC	48%	44%	↓	4.83	4.40	↓		
CT Holdings PLC	48%	53%	↑	4.77	5.27	↑		
Richard Pieris & Company PLC	47%	46%	↓	4.73	4.60	↓		
Ceylon Beverages Holdings PLC	43%	50%	↑	4.33	5.00	↑		
Lion Brewery (Ceylon) PLC	43%	50%	↑	4.33	5.00	↑		



INDUSTRY-WISE COMPARISON

TRAC 2021 expanded the sample of companies from 49, to the top 75 public limited companies in Sri Lanka, enabling an industry-wise categorization of corporate reporting practices as well. Each company was categorized according to the industry to which it belongs as per the Global Industry Classification Standard used by the Colombo Stock Exchange.²⁷

Of the 16 industries represented in this assessment, no industry was Fully Transparent and only 4 industries were Significantly Transparent. The telecommunication services industry outranked all other industries, with a score of 8.68, followed closely by the insurance industry which scored 8.38. Banks scored 8.06 and the Consumer Durables and Apparel industry scored 8.00. It must be noted, however, that except for the banking industry, all other Significantly Transparent industries discussed above have only 1 to 3 companies within the industry categorization. Therefore, as the subsamples of the telecommunication services, insurance, and consumer durables and apparel industries are very small, broader conclusions cannot be drawn. It is however encouraging that the banking industry, which assessed 9 banks operating in Sri Lanka, is Significantly Transparent in their corporate reporting as it is expected that they operate to the highest standards of integrity and transparency.

11 of the 16 industries are Moderately Transparent, namely, energy, consumer services, retailing, utilities, diversified financials, food, beverage and tobacco, capital goods, materials, transportation, healthcare equipment and services, and finally the food and staples retailing industry.

The real estate industry with a score of 5.82 is only Partially Transparent and is the worst-performing industry. Companies in the real estate industry are therefore encouraged to improve their corporate disclosure to remain on par with the disclosure practices of all other industries.

27. <https://www.cse.lk/pages/gics-classification/gics-classification.component.html>

INDUSTRY-WISE COMPARISON

Rank	Fully to Least Transparent in Corporate Disclosure (Industries with equal index scores are ranked equally and ordered alphabetically)	Anti-Corruption Programmes	Organisational Transparency	Domestic Financial Reporting	Average	TRAC Score
1	Telecommunication Services	73%	88%	100%	87%	8.68
2	Insurance	51%	100%	100%	84%	8.38
3	Banks	57%	89%	96%	81%	8.06
4	Consumer Durables & Apparel	77%	63%	100%	80%	8.00
5	Energy	39%	100%	100%	80%	7.95
6	Consumer Services	40%	81%	98%	73%	7.30
7	Retailing	38%	100%	80%	73%	7.27
8	Utilities	54%	63%	100%	72%	7.23
9	Diversified Financials	32%	78%	94%	68%	6.79
10	Food Beverage and Tobacco	34%	73%	94%	67%	6.70
11	Capital Goods	32%	75%	92%	67%	6.65
12	Materials	19%	85%	94%	66%	6.62
13	Transportation	31%	81%	80%	64%	6.40
14	Healthcare Equipment & Services	19%	85%	85%	63%	6.27
15	Food & Staples Retailing	10%	72%	100%	61%	6.07
16	Real Estate	16%	69%	90%	58%	5.82

Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
0.00 - 1.99	2.00 - 3.99	4.00 - 5.99	6.00 - 7.99	8.00 - 9.99	10.00

RECOMMENDATIONS

A close-up photograph of a business meeting. In the foreground, a person's hand holds a silver tablet, while another hand holds a silver pen, poised to write. The background shows a blurred figure of a person in a blue suit and tie. The entire image has a strong blue color cast.

To Companies

How Does Greater Transparency in Corporate Reporting Benefit Companies?

A strong public commitment to a robust anti-corruption programme has a positive impact on a company's image and reputation amongst the public. This, in turn, assists in the development of a sustainable investment climate and encourages responsible business practices. It also has a positive impact on a company's employees as it strengthens their anti-corruption attitudes. Public reporting on anti-corruption programmes can also contribute to positive change as the process of reporting focuses the attention of the company on its own practices and drives improvements in policies and most importantly, practices. Transparency can often lead to corrupt practices being deterred.

With a view to improving corporate reporting in Sri Lanka, the TRAC 2021 results lead to the following recommendations for companies;

1. Applying the Code of Business Conduct and Ethics to All Relevant Parties

It is recommended that companies disclose that both the Directors of the company and all employees of the company are bound by a code of business conduct and ethics which includes provisions on anti-corruption or anti-corruption policies. The Code of Business Conduct and Ethics should also apply to agents and non-controlled entities such as suppliers. As agents act as representatives of the company, their actions directly impact the company's reputation and can also lead companies to be exposed to high risk. Therefore, it is essential that the company ensures that agents abide by their Code of Conduct. Similarly, the company should ensure and disclose that it does not transact with third parties that engage in corrupt activities. Such dealings may taint the company's transactions and its public standing, thereby reducing the integrity with which the company operates. Companies which publicly disclose commitments to such standards by Directors, employees, agents, and even non-controlled entities will more likely act in accordance with these commitments.

2. Prohibiting Facilitation Payments

A facilitation payment is a small bribe known as a 'grease payment' or a 'speed payment' typically solicited to facilitate or expedite the performance of a routine transaction or service to which the person or company making the payment is legally entitled to receive.²⁸ Facilitation payments are bribes according to Sri Lanka's law and as such should be completely prohibited. Companies may be tempted to offer facilitation payments in order to circumvent bureaucratic red tape when dealing with other private entities or the public sector. However, more and more companies are recognizing the fact that facilitation payments may pose significant legal and reputational risks and thereby significantly harm the overall wellbeing of the company. As a result, companies should prohibit facilitation payments and publicly disclose their zero-tolerance approach to facilitation payments.

28. <https://www.ganintegrity.com/compliance-glossary/facilitation-payments/>

3. Establishing a Clear Policy on Gifts, Entertainment and Hospitality

Many companies have adopted Codes of Business Conduct and Ethics that regulate the internal functions of the company. These Codes of Business Conduct should include clear guidelines as to the receiving and accepting of gifts along with value descriptions as to what constitutes an “acceptable” gift. If unregulated, the giving and receiving of gifts may be used as a form of bribery in order to obtain or provide favours or undue advantages. Such regulation would have implications for how a company deals with the government as well as with other private sector actors. Therefore, Codes of conduct should clearly set out a policy on gifts, entertainment and hospitality and this should be clearly disclosed to the public.

4. Prohibiting or Disclosing Political Contributions

Companies should develop clear policies regarding political contributions, either explicitly prohibiting political contributions or disclosing political contributions made. This should cover financial and non-financial contributions. The disclosure of a company’s political contributions or prohibition of the same is required for the public to assess the degree of influence that the company may exert in politics and public policy decisions. It was observed that some companies stated that they did not offer bribes to public officials, but do not explicitly prohibit political contributions. It must be noted that political contributions do not always take the form of a bribe but may also be in the form of campaign finances and material support for a particular politician or party. This is often done with the hopes of influencing the policy decisions of the supported politician or political party if they are elected. Therefore, companies in addition to disclosing the prohibition of offering bribes to public officials should also explicitly either prohibit political contributions or disclose the political contribution made.

5. Establishing and Disclosing Two-Way Communication with Whistleblowers

It was observed that several companies disclosed that they had implemented whistleblowing channels within the company, that allowed for confidential or anonymous whistle-blowing. However, most companies failed to mention two-way communication with the whistleblower. It is likely that such communication channels do exist within the company and that the company does follow up with the whistleblower where necessary, but this is often not reflected in their disclosures. Therefore, it is recommended that companies explicitly disclose that they conduct follow-ups with the whistleblower and that there are communication lines open to enable two-way communication with the whistleblower.

6. Disclosing the Country of Incorporation and Operation

It is recommended that companies disclose both the country of incorporation and operation of all subsidiaries, associates, joint ventures, and other entities. Most companies either disclosed the “principal place of business” or the “registered office” with the presumption that this implied both the country of incorporation and operation. However, as several companies have subsidiaries, associates, joint ventures, or other entities which are incorporated in one jurisdiction but operating in another, the disclosure of both the country of incorporation and operation for each entity is essential.

7. Disclosing Community Contributions

It was observed that several companies engage in community contributions and various other Corporate Social Responsibility (CSR) activities. Whilst disclosures are made as to the CSR activities undertaken which are described in detail, companies sometimes fail to disclose the monetary value of such community contributions. It is, therefore, recommended that companies not only describe the community contributions but also disclose the amount contributed, the number of beneficiaries, and the impact of such community contributions.

8. Publishing Financial Accounts for Each Country of Operation

Country-by-country reporting was the weakest area of disclosure observed in TRAC 2021. Disclosure on financial accounts for each country of operation is essential for stakeholders to monitor financial flows within a group of companies and to avoid financial irregularities. Such disclosures can also help to mitigate political and reputational risks and enhance investment certainty. Therefore, regardless of materiality, it is recommended that companies disclose their financial accounts in each country of operation. It was also observed that some companies, due to the nature of their business, disclosed financial data on foreign operations based on shipping lines or as an industry-wise analysis. While this is highly commended, specific disclosures pertaining to each country of operation is recommended for the future.

9. Establishing and Disclosing Policies on Sexual Harassment and Non-Discrimination

It is recommended that companies disclose that they adopt a zero-tolerance approach to sexual harassment in the workplace. They should also make a public commitment to non-discrimination on the basis of gender. This will not only encourage more females and other at-risk groups to seek employment with such companies but will also prevent the risk of sextortion in the workplace.

10. Engaging in Direct Disclosures

When providing feedback on TRAC 2021, several companies indicated that they had voluntarily adopted the Code of Best Practice on Corporate Governance 2017 or other reporting and certification standards which included anti-corruption policies and provisions. A general one-off statement that the company is compliant with the Code of Best Practice on Corporate Governance or that the company has a particular certification, cannot be considered to be a disclosure of the company's anti-corruption programmes. Stakeholders and the general public, cannot be expected to refer to multiple websites of other organisations and reporting bodies in order to receive information pertaining to the company's anti-corruption programmes. Therefore, it is the duty of the company to make direct disclosures that are easily accessible by their stakeholders on their anti-corruption programmes, organisational transparency, domestic financial reporting, country-by-country reporting, and reporting on sexual harassment and non-discrimination. A concern raised by companies in this regard, was that Annual Reports are required to be concise, and the inclusion of such information would significantly compromise the conciseness of the Annual Report. In such situations, it is recommended that companies publish the information on a transparent, informative, and unrestricted corporate website.

To the Government;

1. Amending the Bribery Act to Effectively Address Corruption in the Private Sector

At present, Sri Lanka's Bribery Act does not sufficiently capture the issue of private sector corruption. While any "person" can refer to either a natural or legal person (meaning that corporates can be prosecuted under the Act as they are legal persons), the sentencing in the current Bribery Act is not structured in a manner to prosecute a corporation as the sentencing is merely a fee of up to Rs. 5000/- and/or up to seven years of rigorous imprisonment. Countries around the world have updated their legislation to reflect sentencing that is more appropriate for a corporate entity such as settlements, the option to reform their practices, heightened scrutiny, debarment or the cancellation of licenses. Therefore, Sri Lanka should also amend its Bribery Act in accordance with international best practices. Additionally, while any "person" can be prosecuted for engaging in bribery and/or corruption, there is no distinction in the current Bribery Act between coercive bribes, where persons are forced to commit bribery, usually through means of extortion, and collusive bribes where the bribe giver works in agreement with the bribe taker to receive a benefit. Strong anti-bribery laws that are vigorously enforced, are critical for incentivising companies to adopt stronger anti-bribery compliance measures.

2. Introducing Regulations on Public Disclosure for Public Limited Companies

Regulations on public disclosure relevant for Public Limited Companies should be introduced covering both financial and non-financial information such as anti-corruption policies and programmes. This would place a mandatory reporting obligation on companies to disclose such vital information.

To the Colombo Stock Exchange (CSE) and the Institute of Chartered Accountants of Sri Lanka (ICASL);

1. Requiring all companies to publish financial accounts on a country-by-country basis

Corporate transparency allows citizens to assess the impact of multinational companies in their communities and help identify corruption. The Colombo Stock Exchange listing rules require listed companies to disclose financial information for both the company and the group. Whilst this is a commendable requirement that is followed by companies, greater transparency is required in order to deter cross-border bribery and corruption. This may be addressed by requiring companies to disclose their financial information for each country in which they operate. It is recommended that the CSE and the ICASL encourage companies to adopt the highest possible reporting standards, by including the requirement of country-by-country financial accounts as a recommended standard.

2. Updating Schedule J of the Code of Best Practice on Corporate Governance

It is recommended that Schedule J of the Code of Best Practice on Corporate Governance be amended to include the following;

- I. It is recommended that the contents set out in Schedule J must extend beyond Directors, Key Management Personnel, and employees and be equally binding upon agents and other representatives of the company as well.
- II. The requirement for fair and transparent procurement practices should also include measures to conduct due diligence on anti-corruption and continued monitoring of suppliers to ensure that they continue to meet the required standards.
- III. All Directors, Key Management Personnel, and employees receive regular refresher training on the Code and the contents set out in Schedule J.
- IV. The section on “encouraging the reporting of any illegal or unethical behaviour” should be updated to allow for anonymous and confidential reporting of illegal or unethical behaviour. It should also provide for two-way communication with the reporting party.

3. Requiring All Companies to adopt Schedule J

All companies listed on the Colombo Stock Exchange should be required to adopt Schedule J of the Code of Best Practice on Corporate Governance which sets out strong anti-corruption and anti-bribery controls.



ANNEXURES

ANNEX 1 – STANDARD TRAC METHODOLOGY



TRANSPARENCY IN CORPORATE REPORTING: ASSESSING THE WORLD'S LARGEST COMPANIES METHODOLOGY

Transparency International's 2014 report, *Transparency in Corporate Reporting: Assessing the World's Largest Companies* aims to encourage greater levels of transparency in international business. This report assesses the transparency of corporate reporting by the world's 124 largest multinational publicly listed companies, drawn from the Forbes list "The World's Biggest Public Companies" and selected by market value calculated in May 2013. It builds on Transparency International's existing work in combating corruption in the private sector. The methodology for this study has been used previously by Transparency International, notably in 2012 in our assessment of the top 105 global companies and most recently for the October 2013 report *Transparency in Corporate Reporting: Assessing Emerging Market Multinationals*.

The same methodology was also used for several country reports prepared by Transparency International Chapters in countries such as Argentina, Belgium, Greece, Hungary, Italy, Kuwait, Norway, Denmark and Sweden. The table below compares various corporate reporting studies undertaken by Transparency International.

Table: Comparison of Transparency International cross-country studies on Transparency in Corporate Reporting conducted in the years 2008-2014

	TRANSPARENCY IN CORPORATE REPORTING: Assessing the World's Largest Companies	9 COUNTRY REPORTS (TI National Chapters)	TRANSPARENCY IN CORPORATE REPORTING: Assessing Emerging Market Multinationals	TRANSPARENCY IN CORPORATE REPORTING: Assessing the World's Largest Companies	PROMOTING REVENUE TRANSPARENCY	TRANSPARENCY IN REPORTING ON ANTI-CORRUPTION	PROMOTING REVENUE TRANSPARENCY
	2014	2013	2013	2012	2011	2009	2008
EVALUATED AREAS:							
reporting on anti-corruption programmes (ACP)	✓	✓	✓	✓	✓	✓	✓
organisational transparency (OT)	✓	✓	✓	✓	✓		✓
country-by-country reporting (CBC)	✓	✓	✓	✓	✓		✓

SAMPLE: INDUSTRIES	various	various	various	various	oil and gas	various	oil and gas
# OF COMPANIES	124	various	100	105	44	500	42
OWNERSHIP	publicly listed	various	various	publicly listed	various	publicly listed	various
DATA REVIEW BY COMPANIES	✓	✓	✓	✓	✓		✓
RANKING BY COMPANY	✓	✓	✓	✓	✓		

Any comparison between the results of these reports must take into consideration changes in the questionnaire used for the reports over the years as a result of an ongoing methodology review and update process.

Company selection

The selection of companies was based on the 2013 Forbes ranking of the World's Largest Public Companies. The 100 largest multinational companies by market value were chosen (market value as calculated by Forbes in May 2013). Companies operating in only one country (three Chinese companies: China Mobile, Sinopec Corp. and China Life Insurance) were eliminated from the sample because they could not be assessed on the country-by-country reporting dimension. Therefore, the list of 100 multinationals draws from the world's 103 largest companies. Additionally, 24 companies were added to the list – these are the companies, which were evaluated in the previous edition of the report, but which were not among the 100 largest in the 2013 Forbes list.

The final list of 124 evaluated companies and the structure of the sample are presented in the data tables of the report (see pp. 34-36).

The companies were not selected with a view to reaching geographic or industry-wide conclusions. Analysis of sample company performance by industry refers to the Industry Classification Benchmark.

All companies were contacted in August 2013 and informed of the planned research and report.

Data collection and verification

All data were collected by desk research conducted in August 2013 by a team of Transparency International researchers. The sources included company websites and the relevant links and documents directly accessible through them. Only sources available in one of the six UN languages: Arabic, Chinese, English, French, Russian and Spanish were taken into consideration. Data for each question was recorded and the exact sources documented (e.g. corporate documents with page numbers or websites with dates of when the data were downloaded). The research was based on the latest available documentation. The reporting periods covered in these documents may differ among the selected companies. In September 2013 all collected data was verified by the Transparency International researchers.

Transparency International has not undertaken to verify whether information disclosed on websites or in reports is complete or correct. In other words, if a company publishes what it refers to as 'a full list of its fully consolidated material subsidiaries' this has been accepted at face value and scored accordingly.

It is important to note that it is beyond the scope of this research to judge levels of integrity within companies. Rather, the report focuses on public reporting by companies on anti-corruption policies

and procedures and other disclosures with respect to company holdings and key financial data, which Transparency International believes are crucial elements in ensuring good corporate governance and mitigating the risk of corruption.

Data sharing and reviewing

On September 30th, 2013 preliminary data sets were shared with the target companies, and each company was given the opportunity to review its own data and to provide feedback or propose corrections. Feedback was accepted until October 28th, 2013.

Each data set consisted of four elements:

1. Scores and data sources for questions 1–13 on anti-corruption programmes
2. Scores and data sources for questions 14–21 on organisational transparency
3. Country-by-country data (questions 22-26)
4. List of countries of operations

The companies were asked to review the collected data in order to verify their completeness and accuracy. Of the 124 companies, 84 responded with feedback.

All requests for corrections were carefully analysed and discussed by the research team. Whenever necessary, further information, substantiation or documentation was requested and obtained from companies. This process resulted in a number of data point adjustments and in the updating of some data sources. The resulting average change in the index score was 0.26 points (in a 0-10 scale). For adjustments and/or updates resulting from the publication of new sources or updated documents, all sources published on corporate websites on or before October 28th, 2013 were taken into account.

Corrections were most often the result of one or more of the following:

- Changes or updates of certain policies or corporate documents
- The publication of documents or policies, which were previously only available for the limited audience (e.g. for employees or investors)
- Identification of documents or sources that were unintentionally omitted by the initial desk research

All 84 companies which provided feedback during the data review process are marked in the last column of the table included in the data tables annexed to the report (see pp. 34-36).

Transparency International greatly appreciates company engagement in this process as it improves the quality of the data and contributes to greater disclosure of corporate information. As a result of this dialogue, a better overview and understanding of diverse reporting practices and standards was gained. Similarly, several companies have gained better understanding of the transparency requirements and they could adjust their reporting practices accordingly.

Questionnaire structure and scoring

The questionnaire covers a broad spectrum of issues influencing corporate transparency. It focuses on three dimensions:

1. Reporting on anti-corruption programmes
2. Organisational transparency
3. Country-by-country reporting

The first dimension, **reporting on anti-corruption programmes**, is derived from the Transparency International – UN Global Compact Reporting Guidance on the 10th Principle against Corruption which is based on the Business Principles for Countering Bribery developed by Transparency International with the co-operation of a multi-stakeholder group involving business. It includes 13

questions. Each one is allocated a score of 0, 0.5 or 1. The maximum score for this dimension is 13 points. The final score for this dimension for each company is expressed as a percentage of the maximum possible score (between 0 and 100 per cent).

The second dimension, **organisational transparency**, includes eight questions. It evaluates the level of disclosure of company's fully and non-fully consolidated entities. Reporting on names, percentages owned by the parent company, countries of incorporation and countries of operations were reviewed for all such entities. Again, each question is awarded a score of 0, 0.5 or 1.

The maximum score achievable in organisational transparency is 8 points. Companies that do not have non-fully consolidated entities were evaluated on their disclosure of fully consolidated entities only (max. 4 points). The final score for this dimension for each company is expressed as percentage of the maximum possible score (between 0 and 100 per cent).

The third dimension, **country-by-country reporting**, includes five questions that evaluate the extent to which the following data is disaggregated to the country-level: revenues, capital expenditure, income before tax, income tax and community/ charitable contributions.

Scores for this dimension are calculated differently than for the first and the second dimensions. First, all five questions are scored (0, 0.5 or 1 point.) for each country where a company operates. For each question, the sum of points for all **foreign countries** of operations is calculated and then divided by the number of such countries. Scores for q.26 are calculated after excluding all N/A from the number of countries of operations.

Example:

INDIVIDUAL SCORES - QUESTION / COUNTRY						
COUNTRIES OF OPERATIONS		Q.22 REVENUES	Q.23 CAPITAL EXPENDITURE	Q.24 INCOME BEFORE TAX	Q.25 INCOME TAX	Q.26 COMMUNITY CONTRIBUTION
1	Home country	1.0	0.0	1.0	1.0	0.5
2	A	1.0	0.0	0.0	0.0	0.5
3	B	1.0	0.0	0.0	1.0	0.5
4	C	1.0	0.0	1.0	1.0	0.5
5	D	1.0	0.0	1.0	1.0	0.5
6	E	1.0	0.0	0.0	0.0	N/A
7	F	1.0	0.0	0.0	1.0	N/A
8	G	1.0	0.0	1.0	1.0	N/A
9	H	1.0	0.0	1.0	1.0	N/A
10	I	1.0	0.0	0.0	0.0	1.0
11	J	1.0	0.0	0.0	1.0	1.0
CALCULATION OF RESULTS FOR COUNTRY-BY-COUNTRY REPORTING						
# of points		10.0	0.0	4.0	7.0	4.0
# of (foreign) countries excluding n/a		10	10	10	10	6
RESULT PER QUESTION		1.00	0.00	0.40	0.70	0.67

Finally the scores for all five questions are added, divided into 5 (the maximum possible score) and expressed as percentage. i.e., in the above example: $2.77 / 5 = 0.55 = 55\%$.

Points awarded for the home country are not included in the score for the third dimension or in the overall index. They are added up separately and the “domestic disclosure” score is calculated. i.e., in the above example: $3.5p, 3.5 / 5 = 70\%$.

The overall index is derived from taking a simple un-weighted average of the results achieved from each dimension, rescaled from 0 to 1, where 0 is the worst score and 10 is the best. Scores achieved by companies in each dimension are presented in the index as rounded values but the overall index results are calculated based on unrounded scores in each dimension.

ANNEX 2 – CODEBOOK FOR SCORING

REPORTING ON ANTI-CORRUPTION PROGRAMMES			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
1	Does the company have a publicly stated commitment to anti-corruption?	1.0		
	1.0 point If there is an explicit statement of “zero tolerance to corruption” or equivalent (i.e. the commitment to fight any corrupt activities)			
	0.5 point If there is no general anti-corruption statement, but only reference to public sector/ governmental corruption If there is a weaker, less direct statement If a company is a signatory of the UNGC and it explicitly underscores its commitment to the 10th principle			
	0 point If there is no explicit statement/ commitment, even if relevant policies are there If a company is a signatory of the UNGC, but there is no explicit reference to its commitment to the 10th principle			
2	Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?	1.0		
	1.0 point If there is an explicit statement of such commitment for all jurisdictions in which a company operates A reference to “all laws” shall be deemed to include anti-corruption laws, even if they are not specifically mentioned			
	0 point If there is no explicit reference to compliance with laws or the reference to compliance with laws excludes or omits anti-corruption laws			
3	Does the company leadership (senior member of management or board) demonstrate support for anti-corruption?	1.0		
	1.0 point If the company leadership (senior member of management or board) issues a personal statement that specifically highlights the company’s commitment to anti-corruption If the company leadership (senior member of management or board) issues a personal letter of support for company’s code of conduct or equivalent and the code of conduct includes anti-corruption policies			
	0 point If the statement fails to specifically refer to corruption or is not inserted in a code of conduct If the statement is not issued by the appropriate individual If there is no such statement			
4	Does the company’s code of conduct / anti-corruption policy explicitly apply to all employees and directors?	1.0		
	1.0 point If the policy explicitly mentions that it applies to all employees and directors, regardless of their position in corporate hierarchy. There can be no exceptions for any country of operations			
	0.5 point If the policy applies to all employees, but does not explicitly mention directors			
	0 point If there is no explicit statement that relevant policies apply to all employees and directors If policies apply to a selected group of employees only, i.e., to managers			
5	Does the company’s anti-corruption policy explicitly apply to persons who are not employees but are authorised to act on behalf of the company or represent it (for example: agents, advisors, representatives or intermediaries)?	1.0		
	1.0 point If such persons must comply with the policy			
	0 point If such persons are only encouraged to comply with the policy If such persons are not covered by the anti-corruption policy or they are specifically excluded from the policy			

REPORTING ON ANTI-CORRUPTION PROGRAMMES			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
6	Does the company's anti-corruption programme apply to non-controlled persons or entities that provide goods or services under contract (for example: contractors, subcontractors, suppliers)?	1.0		
	1.0 point	If all of the following three elements are fulfilled: 1) Such persons/entities are required to comply with the company's anti-corruption programme, its equivalent or with a supplier code issued by the company; and 2) The company performs anti-corruption due diligence on such persons/entities; and 3) The company monitors such persons/entities.		
	0.5 point	If such persons/entities are only 'encouraged' to comply with the policy or if only one or two of the three elements above are present		
	0 point	If there is no reference to such persons/entities; or they are not specifically required to comply with the company's policy or equivalent		
7	Does the company have in place an anti-corruption training programme for its employees and directors?	1.0		
	1.0 point	If the company states in public documents that such a programme is in place for employees and directors (the reference to the training programme may focus explicitly on training on the anti-corruption policies, but it can also refer to training on the code of conduct, if it includes anti-corruption provisions)		
	0.5 point	If the company states in public documents that such a training programme is in place for employees, but not for directors (or vice versa) If there is public information about a training programme for employees and directors on all ethical/integrity issues, and from other sources, we can infer, that it includes anti-corruption policies		
	0 point	If there is no public reference to such a training programme		
8	Does the company have a policy on gifts, hospitality and expenses?	1.0		
	1.0 point	If the company has a policy regulating the offer, giving and receipt of gifts, hospitality or expenses. The policy must cover the following elements: 1. Either offer or giving of such items, 2. Receipt of such items, 3. A definition of thresholds (descriptive or quoted as amounts) for acceptable gifts, hospitality or expenses, as well as procedures and reporting requirements. Attention: The exact guidance for employees does not have to be publicly available. There must be publicly available information that such guidance exists and that it includes all required elements.		
	0.5 point	If some but not all of the elements enumerated above are present		
	0 point	If the company does not disclose that it has such policy		
9	Is there a policy that explicitly prohibits facilitation payments?	1.0		
	1.0 point	If there is an explicit prohibition and not only simple discouragement of such payments (recognising that exceptions may be made for life or health threatening situations)		
	0 point	If such payments are discouraged or regulated internally (i.e. allowed after being approved by the manager) If such payments are "allowed if permitted by local law" If there is no reference to facilitation payments or they are specifically permitted		

REPORTING ON ANTI-CORRUPTION PROGRAMMES			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
10	Does the programme enable employees and others to raise concerns and report violations (of the programme) without risk of reprisal?	1.0		
	1.0 point If the publicly-available policy specifies that no employee will suffer demotion, penalty or other reprisals for raising concerns or reporting violations (whistle-blowing)			
	0 point If there is no explicit policy prohibiting such retaliation			
11	Does the company provide a channel through which employees can report suspected breaches of anti-corruption policies, and does the channel allow for confidential and/or anonymous reporting (whistle-blowing)?	1.0		
	1.0 point If there is public provision of such a channel in a form that assures full confidentiality and/or anonymity, and two-way communication with the whistle-blower for any needed follow-up on the disclosure			
	0.5 point If there is such a channel, but two-way communication with the whistle-blower is not assured			
	0 point If there is no such channel or the channel allows for neither confidential, nor anonymous reporting			
12	Does the company carry out regular monitoring of its anti-corruption programme to review the programme's suitability, adequacy and effectiveness, and implement improvements as appropriate?	1.0		
	1.0 point If there is public information on regular or continuous monitoring of the anti-corruption programme			
	0.5 point If there is information on regular or continuous monitoring of all sustainability issues (without specific reference to anti-corruption policies and procedures) and additionally some implicit information that company's anti-corruption programme should be included			
	0 point If there is information on some monitoring, but it is not a regular or continuous process If there is only compliance-related monitoring in place without specific reference to the review of programme's suitability, adequacy and effectiveness If there is only oversight or audit of the report (which mentions the programme) If no monitoring is publicly mentioned			
13	Does the company have a policy on political contributions that either prohibits such contributions or if it does not, requires such contributions to be publicly disclosed?	1.0		
	1.0 point If a company either publicly discloses or prohibits its political contributions (in all its countries of operations)			
	0 point If political contributions are regulated but not disclosed or prohibited (e.g. there is a special internal approval procedure and internal reporting system for such contributions, but the actual payments are not made public) If political contributions are disclosed only for certain countries, e.g. for company's home country If a company's policy refers only to contributions by employees, but not to contributions by a company If political contributions are not regulated and/or disclosed			
TOTAL SCORE		13.0		
		100%		

ORGANISATIONAL TRANSPARENCY			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
14	Which of the following information does the company disclose for all of its fully consolidated subsidiaries	the full list with names	1.0	
15		percentages owned in each of them	1.0	
16		countries of incorporation (for each entity)	1.0	
17		countries of operations (for each entity)	1.0	
	1.0 point	If there is a full list of such subsidiaries		
	0.5 point	If there is a list of material/ principal/ significant/ main subsidiaries		
	0 point	If there is no list of subsidiaries If there is only a list of domestic or other incomplete list of subsidiaries		
18	Which of the following information does the company disclose for all of its non-fully consolidated holdings , such as associates, joint-ventures	the full list with names	1.0	
19		percentages owned in each of them	1.0	
20		countries of incorporation (for each entity)	1.0	
21		countries of operations (for each entity)	1.0	
	1.0 point	If there is a full list of such companies		
	0.5 point	If there is a list of material/ principal/ significant/ main companies		
	0 point	If there is no list of such companies If there is only a list of domestic entities or other incomplete information		
	N/A	If a company does not have any non-fully consolidated entities (the question will not be used to calculate the scores)		
TOTAL SCORE		8.0		
		100%		

DOMESTIC FINANCIAL REPORTING			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
22	Does the company disclose its revenue/sales in Sri Lanka?	1.0		
	1.0 point	If the company discloses its gross/net sales/revenues for Sri Lanka If country-split is by origin - revenues include goods/services produced in Sri Lanka, both sold locally and exported		
	0.5 point	If there is split by subsidiary and subsidiaries' domiciles are also disclosed If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business) If country-split is by destination - revenues include all sales to customers located in Sri Lanka, both produced locally and imported		
	0 point	If revenues/ sales are disclosed by region, business segment, as total only, or not reported at all		
23	Does the company disclose its capital expenditure in Sri Lanka?	1.0		
	1.0 point	If a company discloses its capital expenditure for Sri Lanka		
	0.5 point	If there is a split by subsidiary and subsidiaries' domiciles are also disclosed If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)		
	0 point	If capital expenditures are disclosed by region, business segment, as total only, or not reported at all		
24	Does the company disclose its pre-tax income in Sri Lanka?	1.0		
	1.0 point	If a company discloses its pre-tax income for Sri Lanka If a company discloses its net income and income tax for Sri Lanka (pre-tax income can be calculated as a simple sum of the two)		
	0.5 point	If there is split by subsidiary and subsidiaries' domiciles are also disclosed If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)		
	0 point	If pre-tax income is disclosed by region, business segment, as total only or not reported at all		
25	Does the company disclose its income tax in Sri Lanka?	1.0		
	1.0 point	If a company discloses its income tax for Sri Lanka		
	0.5 point	If there is split by subsidiary and subsidiaries' domiciles are also disclosed If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)		
	0 point	If income tax is disclosed by region, business segment, as total only, or not reported at all		
26	Does the Company disclose its community contribution in Sri Lanka?	1.0		
	1.0 point	If there is both the amount of community contributions in Sri Lanka and there is a description of how this money was spent (e.g. a list of beneficiaries or description of financed community projects)		
	0.5 point	If there is only the amount of community contributions in Sri Lanka		
	0 point	If community contributions are disclosed by region, by business segment or as total spending of the company, or not disclosed at all If there is only a description of how money was spent in Sri Lanka, but no amount is disclosed		
	N/A	If a company declares that it makes no community contributions in Sri Lanka, the question shall be excluded for purposes of calculating the company's score.		
TOTAL SCORE		5.0		
		100%		

COUNTRY-BY-COUNTRY REPORTING			COMPANY NAME	
			Country X	
No.	Questions	Max. points	Score	Source
22	Does the company disclose its revenue/sales in Country X?	1.0		
	1.0 point	If the company discloses its gross/net sales/revenues for Country X If country-split is by origin - revenues include goods/services produced in Country X, both sold locally and exported		
	0.5 point	If there is split by subsidiary and subsidiaries' domiciles are also disclosed If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business) If country-split is by destination - revenues include all sales to customers located in Country X, both produced locally and imported		
	0 point	If revenues/ sales are disclosed by region, business segment, as total only, or not reported at all		
23	Does the company disclose its capital expenditure in Country X?	1.0		
	1.0 point	If a company discloses its capital expenditure for Country X		
	0.5 point	If there is a split by subsidiary and subsidiaries' domiciles are also disclosed If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)		
	0 point	If capital expenditures are disclosed by region, business segment, as total only, or not reported at all		
24	Does the company disclose its pre-tax income in Country X?	1.0		
	1.0 point	If a company discloses its pre-tax income for Country X If a company discloses its net income and income tax for Country X (pre-tax income can be calculated as a simple sum of the two)		
	0.5 point	If there is split by subsidiary and subsidiaries' domiciles are also disclosed If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)		
	0 point	If pre-tax income is disclosed by region, business segment, as total only or not reported at all		
25	Does the company disclose its income tax in Country X?	1.0		
	1.0 point	If a company discloses its income tax for Country X		
	0.5 point	If there is split by subsidiary and subsidiaries' domiciles are also disclosed If there is country-by-country split only for a certain (but considerable, i.e. generating over 50% of revenues) part of business (i.e. for oil and gas upstream production in extractive business)		
	0 point	If income tax is disclosed by region, business segment, as total only, or not reported at all		
26	Does the Company disclose its community contribution in Country X?	1.0		
	1.0 point	If there is both the amount of community contributions in Country X and there is a description of how this money was spent (e.g. a list of beneficiaries or description of financed community projects)		
	0.5 point	If there is only the amount of community contributions in Country X		
	0 point	If community contributions are disclosed by region, by business segment or as total spending of the company, or not disclosed at all If there is only a description of how money was spent in Country X, but no amount is disclosed		
	N/A	If a company declares that it makes no community contributions in Country X, the question shall be excluded for purposes of calculating the company's score.		
TOTAL SCORE		5.0		
		100%		

REPORTING ON GENDER AND SEXUAL HARASSMENT POLICIES			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
27	Does the company have a publicly stated policy against sexual harassment?	Yes/No		
	Yes If there is an explicit statement of “zero tolerance for sexual harassment or harassment” or equivalent (i.e. the commitment to fight any form of harassment in the workplace)			
	No If there is no general statement against harassment or sexual harassment If there is a weaker, less direct statement			
28	Does the company adopt a gender inclusive/equal opportunity recruitment policy?	Yes/No		
	Yes If there is an explicit statement of a commitment to non-discrimination on the basis of gender when recruiting new employees.			
	No If there is no explicit reference to non-discrimination on the basis of gender when recruiting new employees. If there is no explicit reference to non-discrimination when recruiting new employees. If there is a general statement that the company is an equal opportunity employer.			
29	Does the company adopt a gender inclusive/equal opportunity promotion policy?	Yes/No		
	Yes If there is an explicit statement of a commitment to non-discrimination on the basis of gender when promoting employees. If there is a general statement of a commitment to non-discrimination when promoting employees.			
	No If there is no explicit reference to non-discrimination on the basis of gender when promoting employees. If there is no explicit reference to non-discrimination when promoting employees. If there is a general statement that the company is an equal opportunity employer.			
30	Does the company have a publicly stated commitment to non-discrimination based on gender?	Yes/No		
	Yes If there is an explicit statement of a commitment to non-discrimination on the basis of gender or non-discrimination. If there is an explicit statement of a “zero tolerance for all forms of discrimination”. A reference to “non-discrimination” shall be deemed to include non-discrimination on the basis of gender, even if not specifically mentioned.			
	No If there is no explicit statement of a commitment to non-discrimination or non-discrimination on the basis of gender.			

ANNEX 3 – LIST OF TOP 75 PUBLIC LIMITED COMPANIES BY MARKET CAPITALISATION AS AT 1ST JUNE 2021

John Keells Holdings PLC
Ceylon Tobacco Company PLC
LOLC Holdings PLC
Dialog Axiata PLC
Commercial Bank of Ceylon PLC
Distilleries Company of Sri Lanka PLC
Browns Investments PLC
Expolanka Holdings PLC
Vallibel One PLC
Sampath Bank PLC
Cargills (Ceylon) PLC
Sri Lanka Telecom PLC
Nestle Lanka PLC
Hayleys PLC
Carson Cumberbatch PLC
Ceylon Cold Stores PLC
Melstacorp Plc
Hatton National Bank LC
Hemas Holdings PLC
Lion Brewery Ceylon PLC
Royal Ceramics Lanka PLC
Ceylinco Insurance PLC
Brown & Company PLC
Commercial Leasing & Finance PLC
Asiri Hospital Holdings PLC
C T Holdings PLC
L B Finance PLC
LOLC Finance PLC
Richard Pieris And Company Plc
Dipped Products PLC
Bukit Darah PLC
Teejay Lanka PLC
Haycarb PLC
National Development Bank PLC
Windforce PLC
Chevron Lubricants Lanka PLC
Access Engineering PLC
Aitken Spence PLC

People's Leasing & Finance PLC
Singer (Sri Lanka) PLC
Central Finance Company PLC
Overseas Realty (Ceylon) PLC
DFCC Bank PLC
Tokyo Cement Company (Lanka) PLC
Lanka Walltiles PLC
LOLC Development Finance PLC
Union Assurance PLC
Ceylon Beverage Holdings PLC
Asian Hotels & Properties PLC
Lanka Tiles PLC
Nations Trust Bank PLC
Softlogic Holdings PLC
Dilmah Ceylon Tea Company PLC
CIC Holdings PLC
John Keells Hotels PLC
Seylan Bank PLC
Union Bank of Colombo PLC
HNB Finance PLC
Watawala Plantations PLC
Piramal Glass Ceylon PLC
Sunshine Holdings PLC
The Lanka Hospitals Corporation PLC
Trans Asia Hotels PLC
Lanka IOC PLC
Aitken Spence Hotel Holdings PLC
Ceylon Guardian Investment Trust PLC
ACL Cables PLC
Amana Bank PLC
Nawaloka Hospitals PLC
Vallibel Finance PLC
Asiri Surgical Hospital PLC
Property Development PLC
Alumex PLC
Laugfs Gas PLC
Softlogic Life Insurance PLC

Transparency International Sri Lanka
366, Nawala Road, Nawala,
Rajagiriya,
Sri Lanka.

Phone: +94 11 4 369 781
Fax: +94 11 2 865 777
Email: tisl@tisrilanka.org
Web: www.tisrilanka.org

twitter.com/tisrilanka
lk.linkedin.com/company/tisrilanka
facebook.com/tisrilanka
instagram.com/transparency_sri_lanka
youtube.com/user/tisrilankatube

