



TRANSPARENCY IN CORPORATE REPORTING

2022 ASSESSING THE TOP 100 PUBLIC LIMITED COMPANIES IN SRI LANKA



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**FIGHT AGAINST
CORRUPTION**



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SRI LANKA**
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TRANSPARENCY IN CORPORATE REPORTING 2022

ASSESSING THE TOP 100 PUBLIC LIMITED COMPANIES IN SRI LANKA

ISBN: 978-624-6193-01-0

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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.

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Message from the Executive Director

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It gives me great pleasure to launch the Transparency in Corporate Reporting (TRAC) assessment 2022, for the third consecutive year, during Transparency International Sri Lanka's (TISL) 20th Anniversary since first commencing active operations in Sri Lanka.

As an organization established for the purpose of contributing to the collective effort to eradicate corruption in Sri Lanka, TISL works with multi-sectoral stakeholders in our pursuit to fight corruption. Infusing transparency and accountability into governance structures, state entities, businesses and to the culture itself, become critical towards eradicating corruption, as transparency and accountability mitigate corruption risks.

”

The year 2022 witnessed an unprecedented economic crisis, resulting in a civic uprising where citizens from all walks of life protested against the decades of corruption and mismanagement that drove the country to the prevailing crisis. Corruption in Sri Lanka is systemic, cultural, and multi-sectoral, to the extent that the country suffers from kleptocracy, whereby a powerful group consisting of politicians, public officials, businesses, professionals, etc. controls and exploits the country for their private gain. People affirmed that it is only a genuine 'system change' that can uplift, restore and develop the country, ensuring the protection of the rights and wellbeing of all citizens. This change can only happen, if all stakeholders work together. In this context, it was inspiring to see stakeholders from the private sector expressing their unconditional support to the people's struggle last year, by demanding that the government listen to the call of the citizens for change and good governance.

The social awakening of the country also led The Sri Lanka Institute of Directors (SLID) to reach out to TISL as a partner, to launch the 'Business Against Corruption' initiative, demonstrating the commitment of the private sector to mitigate corruption. This timely and pioneering initiative in Sri Lanka has engaged the top leading businesses representing diverse sectors, to commit to conducting corruption risk assessments and to strengthen internal policies and practices. In the context of the International Monetary Fund (IMF) requiring the strengthening of the anti-corruption legal framework as a pre-condition to their support, the Government of Sri Lanka brought forward the long-awaited Anti-Corruption Bill last year, which seeks to strengthen the legal framework on corruption, including provisions to address private sector corruption, with enhanced penalties.

It is in this complex, yet interesting context, that the TRAC 2022 Assessment is being launched. TRAC scores and ranks the corporate reporting of the top 100 Public Limited Companies in Sri Lanka, in several areas crucial to fighting corruption. TRAC recognizes that companies that commit to proactively disclose all important information to the public, going beyond the existing legal requirements for corporate disclosure, demonstrate a high level of transparency and a commitment to corporate integrity and social responsibility.

The TRAC report provides recommendations on how to improve transparency in corporate reporting, on necessary regulatory change, and on updating listing rules. We hope through this assessment, that the companies assessed will be encouraged to lead the private sector by example towards improving the quality of disclosure of information, leading to a further commitment towards zero tolerance for corruption and enhanced accountability. Such corporate conduct will enhance their public image as companies that act with openness, integrity, and social responsibility.

My sincere gratitude goes out to all the companies assessed in this report for their cooperation and the effort taken to engage, learn and take steps to enhance their transparency in reporting. We look forward to continuing this journey with these organizations while reaching out to other companies, towards our collective endeavor to enhance the accountability of the private sector, and contribute to combat corruption and revive Sri Lanka.

Nadishani Perera
Executive Director

Methodology

The Transparency in Corporate Reporting (TRAC) Assessment 2022 is an independent assessment of corporate disclosure practices among the top 100 public limited companies in Sri Lanka, conducted by Transparency International Sri Lanka (TISL). The research methodology adopted, draws on Transparency International's standard TRAC methodology.

For more information on the standard TRAC Methodology, please refer Annex 4.

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 Assessment 2022, in recognition of the domestic corporate landscape, included three additional sections, namely, domestic financial reporting, reporting on gender and non-discrimination policies, and reporting on procurement-related to government contracts/tenders. The reasons for including these additional sections are set out below.

Section 1: Reporting on Anti-Corruption Programmes

This section assesses a company's disclosure practices on its anti-corruption programmes as public disclosure of a company's anti-corruption programme can demonstrate the company's commitment to fighting corruption and towards being a responsible corporate citizen, accountable to the environment it operates in. The section comprises of 15 questions derived from the Transparency International – United Nations Global Compact (UNGC) Reporting Guidance on the UNGC's 10th Principle (Anti-corruption). The TRAC Assessment 2022, revised the questions included in this section in a bid to improve clarity. Keeping in line with the revision to the questions, the scoring criteria was also amended to afford greater clarity and objectivity in the scoring of companies' disclosures relating to anti-corruption.

Section 2: Organisational Transparency

This section contains 9 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 – e.g., what countries a company is incorporated in, or operates in – allows stakeholders to detect and prevent illicit financial flows and financial irregularities. The TRAC Assessment 2022 included a new question in this section which assesses companies' disclosure practices pertaining to their beneficial owners (the real person/s who ultimately owns, controls or benefits from a company or trust fund and the income it generates). At present, there is no legal requirement in Sri Lanka that requires companies to identify and disclose the beneficial owner of a company. Furthermore, the Colombo Stock Exchange (CSE) does not require such disclosures of publicly limited companies. However, the disclosure of ultimate beneficial owners by companies, displays a company's commitment to anti-corruption and enhanced transparency in addition to providing the public with vital corporate information. Disclosure relating to beneficial ownership is important, as anonymity enables many illegal activities such as corruption, money laundering and tax evasion.

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. The disclosure of domestic financials is an essential tool in the fight against corruption as the public disclosure of such information allows investors to take informed decisions and thereby hold their companies accountable. It also mitigates the risk of investor funds being misused, insider trading, tax evasion, window dressing etc. Such disclosures are considered as indicators that companies act in a financially responsible manner with accountability to their key stakeholders.

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. The disclosure of financial information pertaining to overseas operations is as important as domestic financial disclosures. It facilitates investors to understand the true financial position of the company and determine its overall stability. This is especially so, in the face of an ongoing economic crisis. Furthermore, the transparency of country-by-country financial data, also mitigates the possibility of companies utilising their

overseas operations for illicit or illegal activities such as tax evasion, money laundering and fraud. Several companies, whilst disclosing the consolidated financials for their overseas operations, do not disclose the financials for each country of operation based on the principle of materiality.¹ TISL encourages all companies to disclose financial data for each country of operation, regardless of materiality, in order to facilitate complete transparency.

Section 5: Reporting on Gender and Non-Discrimination Policies

This section comprising 4 questions, assesses a company's approach to tackling sexual harassment and commitment to non-discrimination on the basis of gender. This section was introduced for the first time as an additional section to the TRAC Assessment 2021, in recognition of the risk of sextortion² – a form of sexualised corruption where sexual gratification is the currency of the bribe – in the workplace. Recognising the continued relevance of this section, it has been included in the TRAC Assessment 2022 as well. 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 sextortion and promotes non-discrimination of at-risk groups such as females and members of the LGBTQI community.

Section 6: Reporting on Procurement Related to Government Contracts/Tenders

The TRAC Assessment 2022 introduced a new section, which assesses a company's disclosure practices pertaining to the procurement of government contracts and tenders. This section includes 4 new questions which assess if companies have disclosed whether they have an internal policy for bidding on government contracts, if they have publicly disclosed whether they have any contracts with government entities, and finally, if the company discloses audited financials regarding such contracts. This section was incorporated into the current assessment in light of the significant risks of corruption in procurement, especially in the context of the tumultuous year Sri Lanka experienced, which brought to the forefront the magnitude of corruption and misuse of public funds that has a direct and dire impact on the country. This section seeks to ensure that companies transparently disclose the nature of their dealings with public authorities, particularly in relation to bidding and procurement of large-scale public contracts and projects.

How does the TRAC 2022 Codebook Differ from the TRAC 2021 Codebook?

In order to further enhance the clarity of the TRAC Assessment 2022 and to ensure greater objectivity of the assessment, Transparency International Sri Lanka (TISL) made several significant changes to the codebook utilised in the TRAC Assessment 2021. Accordingly, the current assessment broke down complex questions in the codebook into simpler and clearer questions. The marking criteria was also made more concise. Further, clear definitions were provided for complex technical terms which are not colloquially used, and as such caused a certain degree of misinterpretation in the previous assessments. It is hoped that these definitions will assist companies in their future disclosures, by providing them with a better understanding of the anti-corruption discourse and narrative.

The section on anti-corruption programmes was amended significantly. Accordingly, the question on gifts, hospitality and expenses was broken down into two separate questions which assesses not only the existence of a policy on gifts, expenses and hospitality but also the existence of reporting procedures and mechanisms relating to this policy. Similarly, the questions relating to whistleblowing were streamlined for greater clarity, in

1. Materiality is an accounting term – it allows to select certain items for companies' reports on the basis of their relative significance for the overall company business (usually measured as a percentage of total revenues, or investment, or profit).

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

particular, relating to two-way communication with whistle-blowers. TISL also amended the scoring criteria for several questions in the reporting on anti-corruption section of the TRAC Assessment 2022 Codebook (Annex 2). Several questions were restructured with only a “0” or “1.0” scoring, with clearly articulated scoring criteria. For more information on the amended codebook, please refer Annex 3.

A new question was added to the section on organisational transparency with the objective of assessing companies’ disclosures on beneficial ownership. This question was assessed based on whether companies disclosed the ultimate beneficial owner of the company. As this was introduced for the first time in the current assessment, the question was scored on a “Yes/No” basis.

The final question in the section on domestic financial reporting and country-by-country reporting was amended to reflect the Sri Lankan business context. In this light, the definition of community contributions was extended to include corporate social responsibility (CSR) projects.

The scoring criteria for the section on gender and non-discrimination policies was altered in the current assessment. The previous codebook utilised a “Yes/No” scoring criteria for the section on gender and non-discrimination policies section. However, as this was the second consecutive year in which this section was assessed, the scoring was amended to a “0” or “1.0” scoring, with companies receiving a “1.0” score for full and transparent disclosure of their gender and non-discrimination policies, and a “0” score for ambiguous disclosures or the absence of any form of disclosure.

Finally, the new codebook includes an entirely new section which assesses the strength of companies’ disclosures pertaining to their procurement practices regarding government contracts and tenders.

How Were the Companies Selected?

This report assesses the disclosure practices of the top 100 public limited companies listed on the Colombo Stock Exchange based on market capitalisation as at 5th July 2022 (please refer Annex 1 for the full list of companies assessed in this report). The scope of the assessment was expanded to include 100 companies, which included 26 new companies in addition to the 74³ companies assessed in the previous TRAC Assessment (TRAC 2021).⁴ As with the previous report, the current report categorised 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.⁵

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 (2021 or 2021/22) published by companies, company websites, and other publicly available documents. Companies were given the opportunity to provide feedback on their initial scores until 25th November 2022. Therefore, all information made publicly available on or before that date, was considered towards the TRAC Assessment 2022 and the report does not capture any information made public thereafter.

As with the previous year, the TRAC Assessment 2022 is limited to direct disclosures made by companies themselves. Accordingly, references to codes of best practices, certifications obtained, and the adherence to other reporting standards that include components on

3. Although the TRAC Assessment 2021 reviewed Commercial Leasing & Finance PLC, the company has now been amalgamated with LOLC Finance PLC, and no longer exists, and was therefore, not reviewed in the TRAC Assessment 2022 - https://cdn.cse.lk/cmt/announcement_portal_prod/CSE%20Disclosure%20-%20CLC%20LOFC%20Amalgamation%2010.02.2022_14591629092027.pdf

4. https://www.tisrilanka.org/wp-content/uploads/2022/01/TISL-TRAC-Assessment-2021_Report.pdf

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

anti-corruption were not considered an adequate form of disclosure. Information made available on third party sources were also not considered. Similarly, disclosures made by the parent of a group of companies, was not considered towards the scoring of subsidiary companies within the group, and vice versa. The only exception afforded to the above was if a subsidiary referred to group policies, whilst providing a link to such policies. In such cases, the disclosure of the group policy was considered when scoring the subsidiary of the group.

How Are Companies Scored?

Data for each of the 37 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 assigned score. Scores were allocated for explicit disclosures that met the scoring criteria set out in the codebook. Vague or indirect disclosures were not considered in scoring companies for the current assessment. Once 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/trac2022.

Of the 100 companies assessed, a total of 38 companies provided feedback of which 02 companies provided verbal feedback, before the allocated deadline. This demonstrates an increase in the number of companies that engaged with the TRAC assessment compared to the previous assessment, where only 26 of the companies provided feedback. 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 all the sections, namely reporting on anti-corruption programmes, organisational transparency, domestic financial reporting, country-by-country reporting, reporting on gender and non-discrimination, and reporting on procurement related to government contracts/tenders. Companies received 1 point for full disclosure, 0.5 for partial disclosure, and scored 0 if the information was either unavailable or unclear. The scoring for questions introduced for the first time in the present assessment followed a "Yes/No" scoring criteria. Accordingly, companies that had clear disclosures received a "Yes" score, whereas companies that had failed to disclose any information or had vague and ambiguous disclosures, received a "No" score. Thereafter, the scores obtained by the company were averaged based on the number of questions that are applicable to each individual company.

How Are Companies Ranked?

The overall ranking was calculated based on the company's absolute scores for the following four sections; reporting on anti-corruption programmes, organisational transparency, domestic financial reporting and reporting on gender and non-discrimination. Whilst companies were scored on the country-by-country section and the reporting on procurement relating to government contracts/tenders, these two sections were not considered towards the company's overall score and rank. The current assessment, for the first time, included the section on reporting on gender and discrimination in the calculation of the final overall ranking of the companies.

The current assessment revised the methodology adopted in the previous two assessments for determining the rank of the companies. In the previous two assessments, the final rank was calculated by taking an average of the scores that companies obtained for the individual sections on anti-corruption, organisational transparency, and domestic financial reporting. Keeping with TISL's continued commitment to development and improvement, the current assessment ranked the companies by averaging the actual scores received for each section, based on the number of questions applicable to each

individual company. Accordingly, the total score for most companies was obtained by averaging the sum total of the scores obtained for all four sections against the total number of questions (32 questions). However, if companies had questions which were 'Not Applicable' to them, their average was adjusted to reflect the number of questions applicable. This methodology improves the accuracy of representation of the company's disclosure practices.

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, domestic financial reporting, and reporting on gender and non-discrimination.**

This assessment seeks to provide a basis upon which a broader discussion can commence on normalising transparency in corporate reporting, and in turn, corporate operations. 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, key financial data and gender policies, 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 and vice versa. 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.

How Was TRAC 2021 Compared to TRAC 2022?

The current assessment revised the methodology for calculating the company ranking. As a result of this, an equal comparison cannot be drawn to the previous TRAC assessments. Therefore, whilst the company ranks reflect the current standing of each company, it is not reflective of any improvements or deterioration of the company's disclosure practices, or its overall rank compared to the previous year. It is also important to note throughout the findings of the report, that an increase or decrease in score could also be a result of an increase in the sample size of assessed companies, from 75 in the 2021 report to 100 in the current assessment.

The methodology used to calculate the average for each individual section, however, remained unchanged. Therefore, findings for each section of TRAC 2021 and TRAC 2022 are compared throughout this report, as they remain comparable across the years. Therefore, where an increase or decrease is noted in the present TRAC assessment compared to TRAC 2021, this is an observation of the average of each individual section and an observation of the change in companies' performances in each section. However, it does not reflect the final overall ranking or findings.

Introduction

Countries around the globe are struggling to rebuild from the economic downturn caused by the COVID-19 pandemic. Sri Lanka has proved an exception even in these circumstances, as the country continues to struggle through its worst economic crisis exacerbated by flagrant bribery, corruption and gross mismanagement of public funds and resources.

The economic crisis has been marked by deep-rooted public discontent with the governance of the country, with the people of Sri Lanka taking to the streets in peaceful protest against such mismanagement and plunder. Sri Lanka today is seeing first hand, the effects of unchecked bribery and corruption, lack of transparency and accountability, and gross economic mismanagement. In this context, it is imperative that companies demonstrate that they have necessary measures in place to ensure transparency and curb their own contribution to such an economic downfall. As key drivers of the economy, it is essential that companies do not become complicit bystanders to corruption and bribery. Companies must now play an active role in ensuring that the economic revival of Sri Lanka is based on transparency and accountability. Despite the urgent need of the hour for greater transparency, companies continue to publish too little information about their commitments to comprehensive anti-corruption programmes, their widespread operations, corporate structures and policies related to non-discrimination on the basis of gender. Continued opacity in company operations contributes towards the creation of an environment in which corruption is not only the norm, but also thrives. In recognition of these risks, a new anti-corruption bill has been drafted, which greatly extends the scope of the anti-corruption legal landscape in Sri Lanka. Cognisant of the vital role that the private sector plays in the fight against corruption, the new bill covers private sector bribery in detail, and will hold companies liable for engaging in such illegal activity.

The economic crisis has had widespread adverse impacts across the Sri Lankan population as it has led to greater poverty, inadequate access to health and education, and an overall decrease in the standard of living.⁶ The economic crisis has led to food insecurity amongst thirty percent of the Sri Lankan population,⁷ brought on by soaring food inflation. The rationing of fuel has also had a severe impact on local businesses and daily wage earners who depend on a continuous supply of fuel to engage in business activities.⁸ To address the prevailing crisis, the current government has passed the annual budget, which focuses on extensive tax reforms and the restructuring of several state owned enterprises.⁹ The crisis struck country is also relying on the USD 2.9 billion IMF bailout¹⁰ as a means of extricating itself from the ongoing economic crisis. A key element of the IMF staff level agreement was a commitment to *“reducing corruption vulnerabilities through improving fiscal transparency and public financial management, introducing a stronger anti-corruption legal framework, and conducting an in-depth governance diagnostic, supported by IMF technical assistance.”*

Amidst these developments, transparency and accountability have never before been more important in Sri Lanka. Companies have been more cognisant of their duty to act as responsible corporate citizens, and to a great extent, have included anti-corruption practices in their sustainability reporting structures. Through the TRAC assessment, TISL seeks to assess the level of meaningful disclosure adopted by companies pertaining to their anti-corruption programmes, organisational transparency, domestic financial reporting, country-by-country reporting, reporting on gender and non-discrimination, and reporting on procurement related to government contracts/tenders. Comprehensive public reporting is a key component of the steps a company must take to address corruption and to create transparency which is the foundation for accountable governance. This report objectively evaluates the disclosure practices of the top 100 public limited companies in Sri Lanka¹¹ in relation to the above criteria. These criteria 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

6. <https://www.hrw.org/news/2022/08/16/sri-lanka-economic-crisis-puts-rights-peril>

7. <https://www.sundayobserver.lk/2022/12/11/business/sri-lanka%E2%80%99s-food-crisis-causes-and-consequences>

8. <https://www.aljazeera.com/program/inside-story/2022/6/29/what-are-the-consequences-for-sri-lanka-of-its-economic-crisis>

9. <https://economynext.com/sri-lanka-parliament-pass-final-reading-of-2023-budget-amid-president-hints-unpopulour-decisions-105572/>

10. <https://www.imf.org/en/News/Articles/2022/09/01/pr22295-imf-reaches-staff-level-agreement-on-an-extended-fund-facility-arrangement-with-sri-lanka>

11. The top 100 companies were selected based on market capitalisation on the Colombo Stock Exchange as at 5th July 2022 (the 74 Companies assessed through the TRAC Report 2021 and the next top 26 in terms of market capitalisation on the Colombo Stock Exchange).

companies from 1 – 100 to determine how transparent each company is in its corporate reporting. Overall company scores range from 0 to 10, where 0 is the Least Transparent¹² in corporate reporting and 10 is Fully Transparent.¹³

The Objective of TRAC

Clear and consistent public messaging about a company's anti-corruption programme can enhance the credibility of the anti-corruption programme as well as of the company. Such disclosures can also strengthen the programme as good reporting should include information of targets achieved and key indicators of progress. Further, intercompany comparisons may also drive improvement. Public disclosure of the company's commitment to anti-corruption, organisational transparency, domestic financial reporting, commitment to gender equality and procurement practices for government contracts, is important for stakeholders to assess and monitor companies' commitments and implementation of those commitments. The public disclosure of such information allows stakeholders to take informed decisions and eventually influence corporate behaviour.

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. With the inception of the TRAC assessment in 2020, TISL has witnessed "reactive disclosures" by companies, where companies have made disclosures pertaining to TRAC as a response to the assessment. This has led to significant improvements in the disclosure practices of companies, accompanied with a corresponding increase in their overall score. Whilst this improvement is highly commended, TISL encourages companies to engage in "proactive disclosure". Proactive disclosure is the practice of releasing information before it is requested. In this regard, companies are encouraged to routinely disclose their anti-corruption practices, and such disclosures may even extend beyond the scope of the TRAC assessment. Such routine proactive disclosures will significantly increase transparency and accountability within the private sector.

The Relevance of TRAC

As stated above, the current domestic operating environment has made TRAC more relevant than ever before. As the country witnesses the adverse impacts of widespread, large-scale corruption, the risk of private sector corruption¹⁴ cannot be ignored. Corruption in the private sector can take two main forms, namely, coercive corruption and collusive corruption. When companies engage with state entities, they could become victims of corruption, coerced and forced to pay bribes to keep their business operational, when a payment is demanded by a corrupt public official. However, in certain instances, companies could also be enablers of corruption, working together and colluding with other corrupt companies to limit or distort open competition. An example of this could be if two companies work together to bid on a government tender while agreeing to split the profits.

Private Sector Corruption also poses a risk to the general public, as it could enable large outflows of illicit money, in the form of unpaid taxes, bribes, money laundering and undeclared election campaign financing. Private sector corruption can also divert money from the economy by enabling companies to extract locally earned funds which

12. 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 0.00 - 1.99 are considered Least Transparent.

13. 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 of 10.00 are considered Fully Transparent.

14. <https://www.transparency.org/en/corruptionary/private-sector>

could have been used for the benefit of the general public, to tax havens and secrecy jurisdictions. If found guilty of corruption, companies could face severe reputational damage and lose investor confidence in addition to being held liable for engaging in corruption. As a result, private sector corruption can, to a great extent, harm the Sri Lankan economy as well as companies themselves. Therefore, now more than ever before, companies must act to mitigate the risks of corruption and stop corruption in all its forms. Companies should publicly commit to high standards of transparency, accountability and integrity as a means of addressing of the root causes of the current economic crisis.

From the perspective of the company, the disclosure of a company's commitment to its anti-corruption programme may also serve to enhance ethical conduct within the company. Such public disclosure may encourage and underscore ethical behaviours amongst the company's management, employees, partners and agents etc., creating more stable and predictable operations. For example, a clearly publicised whistleblowing policy with the explicit mention of protection against retaliation, may encourage whistleblowing and increase the reporting of violations of anti-corruption and good governance policies. TRAC also 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 100 public limited companies in Sri Lanka are Partially Transparent¹⁵ according to the TRAC 2022 Assessment. The overall average score for the 100 companies in this report is 5.42 out of 10. The top 100 public limited companies assessed, were only Slightly Transparent¹⁶ in their reporting on anti-corruption programmes with an average score of 3.46, while they were Moderately Transparent¹⁷ in their reporting on organisational transparency with an average score of 7.86. The best performing section is where companies were found to be Significantly Transparent¹⁸ in their domestic financial reporting with an average score of 9.46.

As with the previous year, the results of TRAC 2022 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.

15. 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.

16. 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.

17. 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.

18. 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.

Highlights

5.42/10

Overall, the companies considered in the report are **Partially Transparent** in corporate reporting.

17/100

companies were either **Significantly Transparent** or **Fully Transparent** in corporate reporting.

28/100

companies were either **Slightly Transparent** or **Least Transparent** in corporate reporting.

John Keells Holdings PLC and Teejay Lanka PLC were the **only two companies** that obtained the **full overall score** in corporate reporting.

Only three companies (Dialog Axiata PLC, John Keells Holdings PLC and Teejay Lanka PLC) were **Fully Transparent** in reporting on anti-corruption programmes.

John Keells Hotels PLC and Hayleys PLC scored **100%** in the **Country-by-Country Reporting Category**.

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

John Keells Holdings PLC has been ranked **first** in corporate reporting for the **third consecutive year**, despite the change in the methodology for the TRAC Assessment 2022.

The **telecommunications and banking industry** were found to be the **most transparent industries** in corporate reporting.

ONLY 24/82¹⁹ companies have full scores in the organisational transparency category.

77/100 companies have obtained full scores in domestic financial reporting.

ONLY 20/100 companies obtained full scores for transparency on gender and non-discrimination policies.

ONLY 1/22²⁰ companies obtained a full score for transparency on procurement related to government contracts and tenders.

No industry was ranked as **Significantly Transparent or Fully Transparent** in corporate reporting due to the methodology change.

19. Only 82 out of 100 companies have either fully consolidated subsidiaries or non-fully consolidated holdings.
20. Only 22 out of 100 companies have contracts with either local or foreign governments.

The background of the page is a dark blue color. Overlaid on this background is a complex, white wireframe structure that resembles a cityscape or a series of interconnected rectangular blocks. The lines are thin and create a sense of depth and perspective, with some lines receding into the distance. The overall effect is a modern, architectural aesthetic.

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	Gender and Non-Discrimination	Average	TRAC Score
1	John Keells Holdings PLC	Capital Goods	15.0	8.0	5.0	4.0	100%	10.00
1	Teejay Lanka PLC	Consumer Durables & Apparel	15.0	4.0	5.0	4.0	100%	10.00
3	Dilmah Ceylon Tea Company PLC	Food Beverage & Tobacco	14.5	4.0	5.0	4.0	98%	9.82
4	Dialog Axiata PLC	Telecommunication Services	15.0	8.0	5.0	3.0	97%	9.69
5	National Development Bank PLC	Banks	14.5	7.0	5.0	4.0	95%	9.53
6	Commercial Bank of Ceylon PLC	Banks	14.0	8.0	5.0	3.0	94%	9.38
7	L B Finance PLC	Diversified Financials	13.0	3.5	5.0	4.0	91%	9.11
8	Access Engineering PLC	Capital Goods	12.0	8.0	5.0	4.0	91%	9.06
9	Ceylon Tobacco Company PLC	Food Beverage & Tobacco	13.0	N/A	4.5	4.0	90%	8.96
10	John Keells Hotels PLC	Consumer Services	10.5	8.0	5.0	4.0	86%	8.59
11	Aitken Spence PLC	Capital Goods	10.0	8.0	5.0	4.0	84%	8.44
11	DFCC Bank PLC	Banks	12.5	6.0	4.5	4.0	84%	8.44
11	Hemas Holdings PLC	Capital Goods	12.5	6.5	5.0	3.0	84%	8.44
14	Union Bank of Colombo PLC	Banks	13.5	4.0	4.0	2.0	84%	8.39
15	Nestle Lanka PLC	Food Beverage & Tobacco	12.5	N/A	5.0	2.0	81%	8.13
16	Asian Hotels and Properties PLC	Consumer Services	9.5	4.0	5.0	4.0	80%	8.04
16	Sampath Bank PLC	Banks	12.0	3.5	5.0	2.0	80%	8.04
18	Hatton National Bank PLC	Banks	9.5	7.0	5.0	4.0	80%	7.97
18	Hela Apparel Holdings PLC	Consumer Durables & Apparel	9.0	8.0	4.5	4.0	80%	7.97
20	Softlogic Life Insurance PLC	Insurance	11.0	N/A	5.0	3.0	79%	7.92
20	Union Assurance PLC	Insurance	11.0	N/A	5.0	3.0	79%	7.92
22	Trans Asia Hotels PLC	Consumer Services	9.5	N/A	5.0	4.0	77%	7.71
23	Alumex PLC	Materials	8.5	4.0	5.0	4.0	77%	7.68
24	Cargills (Ceylon) PLC	Food & Staples Retailing	10.5	6.0	5.0	3.0	77%	7.66
25	Dialog Finance PLC	Diversified Financials	11.5	N/A	4.0	2.0	76%	7.61

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

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	Gender and Non-Discrimination	Average	TRAC Score
26	Seylan Bank PLC	Banks	9.0	4.0	5.0	3.0	75%	7.50
27	Expolanka Holdings PLC	Transportation	8.0	6.5	5.0	4.0	73%	7.34
27	Haycarb PLC	Materials	8.0	7.5	5.0	3.0	73%	7.34
29	United Motors Lanka PLC	Retailing	8.5	4.0	5.0	3.0	73%	7.32
30	Amana Bank PLC	Banks	8.0	N/A	5.0	3.0	67%	6.67
30	Citizens Development Business Finance PLC	Diversified Financials	7.0	N/A	5.0	4.0	67%	6.67
32	Hayleys PLC	Capital Goods	4.5	8.0	5.0	3.0	64%	6.41
33	Aitken Spence Hotel Holdings PLC	Consumer Services	6.0	7.0	5.0	2.0	63%	6.25
33	Dipped Products PLC	Materials	5.5	4.0	5.0	3.0	63%	6.25
33	Watawala Plantations PLC	Food Beverage & Tobacco	6.5	2.0	5.0	4.0	63%	6.25
36	Sri Lanka Telecom PLC	Telecommunication Services	5.5	7.0	5.0	2.0	61%	6.09
37	Lanka IOC PLC	Energy	5.5	2.5	5.0	4.0	61%	6.07
37	People's Leasing & Finance PLC	Diversified Financials	5.5	3.5	5.0	3.0	61%	6.07
39	ACL Cables PLC	Capital Goods	3.5	8.0	4.5	3.0	59%	5.94
40	Ceylon Cold Stores PLC	Food Beverage & Tobacco	5.5	3.0	5.0	3.0	59%	5.89
40	JAT Holdings PLC	Materials	5.0	3.5	5.0	3.0	59%	5.89
42	Central Finance Company PLC	Diversified Financials	3.5	8.0	5.0	2.0	58%	5.78
42	CIC Holdings PLC	Materials	4.0	6.0	4.5	4.0	58%	5.78
44	Melstacorp PLC	Food Beverage & Tobacco	4.0	7.0	4.0	2.0	55%	5.48
45	Singer (Sri Lanka) PLC	Retailing	4.0	5.5	5.0	3.0	55%	5.47
46	Vallibel One PLC	Utilities	3.0	6.0	5.0	3.0	53%	5.31
47	Hayleys Fabric PLC	Consumer Durables & Apparel	5.5	2.0	5.0	2.0	52%	5.18
47	HNB Finance PLC	Diversified Financials	4.0	3.0	4.5	3.0	52%	5.18
47	Vallibel Finance PLC	Diversified Financials	5.5	2.0	5.0	2.0	52%	5.18
50	Laugfs Gas PLC	Energy	2.5	3.5	5.0	3.0	50%	5.00
51	Kotmale Holdings PLC	Food Beverage & Tobacco	7.5	1.5	4.0	0.0	48%	4.81
52	Bukit Darah PLC	Food Beverage & Tobacco	1.0	7.0	5.0	2.0	47%	4.69

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

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	Gender and Non-Discrimination	Average	TRAC Score
52	Lanka Tiles PLC	Capital Goods	1.5	8.0	4.5	1.0	47%	4.69
54	Lanka Walltiles PLC	Capital Goods	2.0	5.0	4.5	3.0	45%	4.53
55	Ceylon Guardian Investment Trust PLC	Diversified Financials	2.0	8.0	4.0	0.0	45%	4.52
56	Mercantile Investment and Finance PLC	Diversified Financials	5.5	2.0	5.0	0.0	45%	4.46
56	Namunukula Plantations PLC	Food Beverage & Tobacco	2.5	2.0	5.0	3.0	45%	4.46
56	Overseas Realty (Ceylon) PLC	Real Estate	3.0	3.0	4.5	2.0	45%	4.46
59	Carson Cumberbatch PLC	Food Beverage & Tobacco	0.0	7.0	5.0	2.0	44%	4.38
59	Ceylinco Insurance PLC	Insurance	0.0	8.0	5.0	1.0	44%	4.38
59	Royal Ceramics Lanka PLC	Capital Goods	1.0	6.0	5.0	2.0	44%	4.38
59	Windforce PLC	Independent Power Producers & Energy Traders	3.0	5.0	5.0	1.0	44%	4.38
63	hSenid Business Solutions PLC	Application Software	1.0	3.0	5.0	3.0	43%	4.29
63	Nations Trust Bank PLC	Banks	2.0	3.0	5.0	2.0	43%	4.29
65	Brown & Company PLC	Capital Goods	2.0	5.0	4.5	2.0	42%	4.22
65	Sunshine Holdings PLC	Food Beverage & Tobacco	2.0	4.0	4.5	3.0	42%	4.22
65	Vidullanka PLC	Utilities	1.0	8.0	4.5	0.0	42%	4.22
68	Vallibel Power Erathna PLC	Power and Energy	1.5	4.0	5.0	1.0	41%	4.11
69	Malwatte Valley Plantation PLC	Food Beverage & Tobacco	2.0	3.0	4.0	2.0	41%	4.07
70	Richard Pieris Exports PLC	Materials	1.0	5.0	5.0	2.0	41%	4.06
71	Browns Investments PLC	Food Beverage & Tobacco	1.5	5.0	4.0	2.0	40%	4.03
71	LOLC Holdings PLC	Diversified Financials	3.0	5.5	4.0	0.0	40%	4.03
73	Richard Pieris & Company PLC	Capital Goods	1.0	5.0	4.5	2.0	39%	3.91
74	First Capital Treasuries PLC	Investment Banking & Brokerage	1.5	N/A	4.5	3.0	38%	3.75
75	C T Holdings PLC	Food & Staples Retailing	1.0	4.0	4.5	2.0	36%	3.59
76	Commercial Credit and Finance PLC	Diversified Financials	1.5	4.0	4.5	0.0	36%	3.57
76	Harischandra Mills PLC	Food Beverage & Tobacco	2.0	3.0	5.0	0.0	36%	3.57

Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
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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	Gender and Non-Discrimination	Average	TRAC Score
76	Senkadagala Finance Company PLC	Diversified Financials	2.0	3.0	4.0	1.0	36%	3.57
79	Ambeon Capital PLC	Consumer Durables & Apparel	1.0	6.0	4.0	0.0	35%	3.55
80	B P P L Holdings PLC	Household & Personal Products	1.0	1.5	4.0	3.0	35%	3.52
81	Chevron Lubricants Lanka PLC	Materials	4.0	N/A	4.0	0.0	35%	3.48
82	Asiri Surgical Hospital PLC	Health Care Equipment & Services	2.0	3.0	4.5	0.0	34%	3.39
83	The Lanka Hospitals Corporation PLC	Health Care Equipment & Services	2.0	3.0	4.0	0.0	33%	3.33
84	Ambeon Holdings PLC	Consumer Durables & Apparel	0.0	6.0	4.5	0.0	33%	3.28
85	Tokyo Cement Company (Lanka) PLC	Materials	1.0	3.0	5.0	0.0	32%	3.21
86	Eden Hotel Lanka PLC	Consumer Services	1.0	3.5	4.0	0.0	31%	3.15
87	LOLC Development Finance PLC	Diversified Financials	3.0	N/A	4.0	0.0	30%	3.04
88	Asiri Hospital Holdings	Health Care Equipment & Services	2.0	2.0	4.0	0.0	30%	2.96
88	Property Development PLC	Real Estate	1.0	3.0	4.0	0.0	30%	2.96
90	LOLC Finance PLC	Diversified Financials	2.5	N/A	4.5	0.0	29%	2.92
91	LOLC General Insurance PLC	Property & Casualty Insurance	2.0	N/A	4.0	0.0	26%	2.61
92	Distilleries Company of Sri Lanka PLC	Food Beverage & Tobacco	1.0	2.0	4.0	0.0	26%	2.59
93	Ceylon Beverage Holdings PLC	Food Beverage & Tobacco	0.0	2.0	4.0	0.0	22%	2.22
93	Lion Brewery (Ceylon) PLC	Food Beverage & Tobacco	0.0	2.0	4.0	0.0	22%	2.22
95	Good Hope PLC	Diversified Financials	1.0	N/A	4.0	0.0	22%	2.17
95	Indo-Malay PLC	Diversified Financials	1.0	N/A	4.0	0.0	22%	2.17
95	Shalimar (Malay) PLC	Diversified Financials	1.0	N/A	4.0	0.0	22%	2.17
98	PGP Glass Ceylon PLC	Materials	0.0	N/A	4.0	0.0	17%	1.74
99	Softlogic Holdings PLC	Capital Goods	1.0	1.0	0.0	0.0	7%	0.74
100	Nawaloka Hospitals PLC	Health Care Equipment & Services	0.0	N/A	0.0	0.0	0%	0.00
Average			35%	80%	96%	51%	54%	5.42

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 100²¹ public limited companies in Sri Lanka are Partially Transparent in their corporate reporting, with an average score of 5.42.
- Only 2 companies achieved the full score for transparency, while 15 companies are considered Significantly Transparent.
- The Telecommunication Services, Banking, Transportation, Consumer Services, Insurance, Retailing and Consumer Durables & Apparel industries are Moderately Transparent in their disclosures.
- Of the 17 Fully Transparent or Significantly Transparent companies, 5 companies are banks, 4 companies belong to the capital goods industry, 3 companies belong to the food, beverage and tobacco industry, 2 companies belong to the consumer service industry, 1 company belongs to the consumer durables and apparel industry, 1 company belongs to the diversified financials industry, and 1 company belongs to the telecommunication services industry.

Anti-Corruption Reporting

- Companies were only Slightly Transparent in reporting on their Anti-Corruption Programmes, with an average score of 3.46.
- 66/100 companies were either Slightly Transparent or Least Transparent in their disclosures on anti-corruption reporting.
- Dialog Axiata PLC, John Keells Holdings PLC and Teejay Lanka PLC are Fully Transparent in reporting on their anti-corruption programmes.
- 7 companies did not disclose any information on their anti-corruption programmes, resulting in a score of 0.
- 90% of the companies are committed to comply with all relevant laws including anti-corruption laws.
- Only 16 companies train both their directors and employees on anti-corruption programmes and policies.
- 15 companies explicitly prohibit facilitation payments.
- 49 companies have whistleblowing channels that allow for confidential and anonymous reporting, but only 16 companies have mechanisms in place for two-way communication with the whistle-blower.
- 73 companies do not explicitly prohibit political contributions nor do they disclose such contributions if made.
- 69 companies do not mention if they have a policy on gifts, hospitality and entertainment, whereas 77 companies do not state if their gift policy includes value thresholds and reporting mechanisms.

Organisational Transparency

- Companies had moderate organisational transparency, with an average score of 7.86.
- Only 9 companies disclosed their ultimate beneficial owner or controlling party.
- All companies that have fully consolidated subsidiaries or non-fully consolidated holdings²², have published a list of their fully consolidated subsidiaries and their non-fully consolidated holdings.
- Only 52/78²³ companies disclosed the country of incorporation for their fully consolidated subsidiaries and 38/78 companies disclosed their country of operations.
- Only 23/45²⁴ companies disclosed the country of incorporation for their non-fully consolidated holdings and 34/45 companies disclosed their country of operations.

21. Of the 100 companies assessed, two companies, namely Nawaloka Hospitals PLC and Softlogic Holding PLC, had not published their latest Annual Report at the time of the assessment. Due to this, both companies were scored for disclosure on their websites, which resulted in both companies obtaining a score of Least Transparent, due to insufficient disclosure on the website.

22. Nawaloka Hospitals PLC was the only company that was marked as N/A for this question, as they had failed to publish their latest Annual Report at the time of the assessment. Due to this, the company was scored for disclosure on the company website, which resulted in the company obtaining a score of Least Transparent, due to insufficient disclosure on the website.

23. Of the 100 companies assessed, only 78 companies had fully consolidated subsidiaries.

24. Of the 100 companies assessed, only 45 companies had non-fully consolidated holdings.

Domestic Financial Reporting

- Companies are Significantly Transparent in their domestic financial reporting with an average score of 9.46.
- 77 companies obtained a full score for transparency in domestic financial reporting.
- 98 companies had disclosed their revenue, capital expenditure, pre-tax income, and income tax paid in Sri Lanka.
- 54/77²⁵ companies disclosed both the amount of community contributions and how it was spent, whilst 19/77 companies either disclosed only the amount of community contribution or how it was spent.

Country By Country Reporting

- Companies were only Slightly Transparent in country-by-country reporting with an average score of 2.76.
- All companies having cross-border operations generally neglect country-by-country reporting, with only 2 companies scoring 10.00.
- 13/34²⁶ companies that have foreign operations do not disclose any data regarding their foreign operations.

Reporting on Gender and Non-Discrimination Policies

- Companies were Moderately Transparent in reporting on gender and non-discrimination policies with an average score of 5.13.
- 20/100 companies were Fully Transparent in reporting on gender and non-discrimination policies.
- 38 companies have disclosed a zero-tolerance approach to sexual harassment.
- 64 companies have disclosed a commitment to non-discrimination on the basis of gender, and 69 companies had committed to non-discrimination on the basis of gender at the point of recruitment.
- Only 34 companies explicitly commit to equal opportunity at the point of promotion.

Reporting on Procurement Related to Government Contracts/Tenders

- Only 21 companies disclosed that they had contracts with either local or foreign governments.
- Only 1 company was Fully Transparent with a score of 10.00.
- Of the companies that stated that they had contracts with the state, no company had published these contracts.
- Only 6 companies disclosed the audited financial accounts for the contracts held with either local or foreign governments.

25. Of the 100 companies assessed, only 77 companies stated that they made community contributions for the year under consideration.

26. Of the 35 companies that have cross border operations, 1 company, namely CIC Holdings PLC, disclosed that they had wound up their foreign operations and were therefore scored as "Not Applicable".

Detailed Analysis of Assessed Sections



Reporting on Anti-Corruption Programmes

Companies face increased risks of bribery and corruption as they continue to expand across borders and tax jurisdictions. This risk is further exacerbated by an ever-growing reliance on diffused supply chains that span the globe. Cognisant of these risks, there has been a global shift towards better corporate governance within companies, accompanied by greater importance being placed on transparency and accountability. This shift has been spearheaded by the global strengthening of anti-bribery and anti-corruption legislation. Companies have adapted to meet the challenges of the current operating environment, and have begun to self-regulate by designing their own anti-bribery and corruption programmes. Whilst the TRAC assessment does not evaluate the implementation and effectiveness of these programmes, it does however, assess the company's public disclosure pertaining to the programmes.

The original methodology for the TRAC assessment included 13 questions in this section. However, it was observed in both previous assessments, that some of the questions included multiple elements, which at times became somewhat complicated when assigning scores. As a result of this, some companies obtained lower scores for certain questions, as they had not disclosed all the components of the question. In order to address this, the current assessment revised the section on anti-corruption programmes. Further detail on this is included in the Methodology.

Reporting on Anti-Corruption Programmes in Sri Lanka

The overall average score for this section was 35% with companies scoring an average of 3.46/10. Accordingly, Sri Lankan companies are only Slightly Transparent in their reporting on anti-corruption programmes. It was however, encouraging to note that 2 companies, namely Dialog Axiata PLC and Teejay Lanka PLC, both obtained a full score for this section this year, joining John Keells Holdings PLC who obtained a full score in the previous assessment as well. 12 other companies were Significantly Transparent in reporting on anti-corruption programmes of which, 5 were banks. This reflects a continued improvement in the banking sector in relation to their anti-corruption reporting. It is however, very concerning that 66 of the 100 companies assessed were either only Slightly Transparent or Least Transparent in their disclosures on anti-corruption programmes.

Several companies had not disclosed an explicit prohibition of facilitation payments and political contributions. 'Facilitation payments' are payments made to expedite or to secure the performance of a routine governmental action, by an official, political party, or party official. Facilitation payments, a form of bribery, are offered or solicited in return for a service a person or a company is entitled to receive. These payments are usually extortive in nature. Many companies failed to mention their stance on facilitation payments explicitly, and as a result, performed badly in this question. Another area in which disclosures were particularly weak, was in relation to two-way communication with whistle-blowers and the provision of anti-corruption training for both directors and all employees. It is therefore evident that there remains room for further improvement in reporting on anti-corruption programmes by companies.

With an average of 35%, the section on anti-corruption programmes was the weakest section of the Assessment, as seen in the previous two assessments as well. This may be in large part due to the voluntary nature of such disclosures. It must be highlighted that the low score in this section cannot be interpreted to mean that companies have weak anti-corruption measures and practices. Rather it is only reflective of the fact that companies have not disclosed information regarding their internal anti-corruption policies. This is particularly so as many companies report that they follow the Code of Best Practice on Corporate Governance, which addresses anti-bribery and corruption.

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	Dialog Axiata PLC	10.00
1	John Keells Holdings PLC	10.00
1	Teejay Lanka PLC	10.00
4	Dilmah Ceylon Tea Company PLC	9.67
4	National Development Bank PLC	9.67
6	Commercial Bank of Ceylon PLC	9.33
7	Union Bank of Colombo PLC	9.00
8	Ceylon Tobacco Company PLC	8.67
8	L B Finance PLC	8.67
10	DFCC Bank PLC	8.33
10	Hemas Holdings PLC	8.33
10	Nestle Lanka PLC	8.33
13	Access Engineering PLC	8.00
13	Sampath Bank PLC	8.00
15	Dialog Finance PLC	7.67
16	Softlogic Life Insurance PLC	7.33
16	Union Assurance PLC	7.33
18	Cargills (Ceylon) PLC	7.00
18	John Keells Hotels PLC	7.00
20	Aitken Spence PLC	6.67
21	Asian Hotels and Properties PLC	6.33
21	Hatton National Bank PLC	6.33
21	Trans Asia Hotels PLC	6.33
24	Hela Apparel Holdings PLC	6.00
24	Seylan Bank PLC	6.00
26	Alumex PLC	5.67
26	United Motors Lanka PLC	5.67
28	Amana Bank PLC	5.33
28	Expolanka Holdings PLC	5.33
28	Haycarb PLC	5.33
31	Kotmale Holdings PLC	5.00
32	Citizens Development Business Finance PLC	4.67
33	Watawala Plantations PLC	4.33
34	Aitken Spence Hotel Holdings PLC	4.00
35	Ceylon Cold Stores PLC	3.67
35	Dipped Products PLC	3.67
35	Hayleys Fabric PLC	3.67
35	Lanka IOC PLC	3.67

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
35	Mercantile Investment and Finance PLC	3.67
35	People's Leasing & Finance PLC	3.67
35	Sri Lanka Telecom PLC	3.67
35	Vallibel Finance PLC	3.67
43	JAT Holdings PLC	3.33
44	Hayleys PLC	3.00
45	Chevron Lubricants Lanka PLC	2.67
45	CIC Holdings PLC	2.67
45	HNB Finance PLC	2.67
45	Melstacorp PLC	2.67
45	Singer (Sri Lanka) PLC	2.67
50	ACL Cables PLC	2.33
50	Central Finance Company PLC	2.33
52	LOLC Development Finance PLC	2.00
52	LOLC Holdings PLC	2.00
52	Overseas Realty (Ceylon) PLC	2.00
52	Vallibel One PLC	2.00
52	Windforce PLC	2.00
57	Laugfs Gas PLC	1.67
57	LOLC Finance PLC	1.67
57	Namunukula Plantations PLC	1.67
60	Asiri Hospital Holdings	1.33
60	Asiri Surgical Hospital PLC	1.33
60	Brown & Company PLC	1.33
60	Ceylon Guardian Investment Trust PLC	1.33
60	Harischandra Mills PLC	1.33
60	Lanka Walltiles PLC	1.33
60	LOLC General Insurance PLC	1.33
60	Malwatte Valley Plantation PLC	1.33
60	Nations Trust Bank PLC	1.33
60	Senkadagala Finance Company PLC	1.33
60	Sunshine Holdings PLC	1.33
60	The Lanka Hospitals Corporation PLC	1.33
72	Browns Investments PLC	1.00
72	Commercial Credit and Finance PLC	1.00
72	First Capital Treasuries PLC	1.00
72	Lanka Tiles PLC	1.00
72	Vallibel Power Erathna PLC	1.00

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

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
77	Ambeon Capital PLC	0.67
77	B P P L Holdings PLC	0.67
77	Bukit Darah PLC	0.67
77	C T Holdings PLC	0.67
77	Distilleries Company of Sri Lanka PLC	0.67
77	Eden Hotel Lanka PLC	0.67
77	Good Hope PLC	0.67
77	hSenid Business Solutions PLC	0.67
77	Indo-Malay PLC	0.67
77	Property Development PLC	0.67
77	Richard Pieris & Company PLC	0.67
77	Richard Pieris Exports PLC	0.67
77	Royal Ceramics Lanka PLC	0.67
77	Shalimar (Malay) PLC	0.67
77	Softlogic Holdings PLC	0.67
77	Tokyo Cement Company (Lanka) PLC	0.67
77	Vidullanka PLC	0.67
94	Ambeon Holdings PLC	0.00
94	Carson Cumberbatch PLC	0.00
94	Ceylinco Insurance PLC	0.00
94	Ceylon Beverage Holdings PLC	0.00
94	Lion Brewery (Ceylon) PLC	0.00
94	Nawaloka Hospitals PLC	0.00
94	PGP Glass Ceylon PLC	0.00
	Average	3.46

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

Reporting on Anti-Corruption Programmes



No. of Companies that Scored 1.0

No. of Companies that Scored 0.5

No. of Companies that Scored 0

Anti-Corruption in numbers

90 companies reported a commitment to abide by all relevant laws in the countries in which they operate, but only 41 companies published an explicit commitment of zero-tolerance to corruption. Fewer still (only 30 companies) had personal statements from the company's leadership which showed support for anti-corruption. This possibly indicates a degree of uncertainty on the part of companies as to what comprises a personal statement, as several companies at the point of feedback referred TISL to governance reports and the mention of annual declarations signed by the directors which were not publicly available. It may however, also indicate 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.

Whilst 48 companies stated that their anti-corruption policy or code of conduct (which includes anti-corruption provisions) applies to all employees and directors, only 16 companies stated that they have anti-corruption training programmes for both employees and directors, which may indicate a gap in human resource development priorities. On the other hand, 21 companies stated that they provided anti-corruption training either only for their directors or employees.

A particularly difficult area of disclosure was in relation to questions 05 and 06 which assessed if the company's anti-corruption programme extended to persons authorised to act on behalf of the company (agents and representatives) and its non-controlled entities such as suppliers. Only 22 companies stated that their anti-corruption programmes extended to agents and representatives and 27 companies indicated that it was applicable to non-controlled entities as well. Disclosures regarding these questions were sometimes ambiguous, as varying language was used based on the company's internal policies. Some companies also interpreted these questions to mean that their employees were bound by the anti-corruption policy when dealing with agents, representatives and/or suppliers. However, what is assessed in these questions, is whether the agents, representatives and/or suppliers themselves are bound to abide by the company's anti-corruption policies. It may be in light of these overarching complications, that companies in general scored poorly on these questions.

Companies were also assessed to determine if they had a policy on gifts, hospitality and entertainment which covered the receiving and giving of gifts. A separate question assessed if the company had value thresholds for what was considered an appropriate gift and if there were reporting mechanisms in place. The previous TRAC assessment covered all of the above elements in one question which often resulted in companies unfairly losing out, as even if they had mentioned two of the above factors, they would still have been allocated only a "0.5" score. To address this, the present TRAC assessment divided the question into two, one question assessing whether the company had a policy on the giving and receiving of gifts and the second question on thresholds and reporting mechanisms. Accordingly, 24 companies stated that they had policies on the receiving and giving of gifts, but only 14 companies disclosed the existence of a threshold for acceptable gifts and the existence of a reporting mechanism. 9 companies disclosed either the existence of a threshold, or of a reporting mechanism, and thereby scored "0.5". This is an improved representation of a company's disclosure practices as it more objectively and equally scores the disclosure for each of the relevant elements.

As with previous TRAC assessments, only a few companies (14 companies) explicitly prohibit facilitation payments. Several companies mentioned that their code of conduct included clauses on facilitation payments but failed to mention an express prohibition, thereby negatively impacting their score.

As with the question on gifts, the question on whistleblowing was also restructured. Accordingly, the 11th question in the previous TRAC assessment was split into two. One question assessed if the company provided for confidential and anonymous whistleblowing whilst the second question assessed if there were mechanisms in place for two-way communication with the whistle-blower. 49 of the companies assessed mentioned the existence of a whistle-blower policy which allowed for confidential and

anonymous whistleblowing. Of these 49 companies, 31 companies disclosed that the whistle-blower will be protected from the risk of reprisal. Such disclosures are important as they encourage whistle-blowers to come forward, who may otherwise have been reluctant to blow the whistle for fear of reprisal in the form of demotion, termination etc. Finally, as seen in previous TRAC assessments, the weakest point of disclosure pertaining to whistleblowing, was in relation to two-way communication with the whistle-blower with only 16 companies disclosing this. The assessment did not look for the exact phrase “two-way communication”, but rather assessed if companies provided the whistle-blower with feedback on the progress of the complaint or if the company followed up with the whistle-blower after receiving the complaint.

Finally, 24 companies reported that they conduct regular monitoring of their anti-corruption policies and programmes, while 27 companies either expressly prohibited political contributions or disclosed the political contributions made.

Suggested Reporting Best Practices for better corporate disclosure on Anti-Corruption Programmes

Best practice for public commitment to anti-corruption	DFCC Bank PLC	Annual Report 2021 pg. 127	"The Bank opposes all forms of bribery and corruption."
Best practice for training directors and employees on anti-corruption	Access Engineering PLC	Annual Report 2021/22 pg. 104	"Regular training is conducted for employees and Directors to raise awareness, reiterate the importance of reporting potential violations and to commit themselves to counter corruption by all means."
Best practice for prohibition of facilitation payments	Dialog Axiata PLC	Anti Bribery and Corruption Policy pg. 20	"13.2 Stakeholders are prohibited to directly or indirectly offer, promise, give, solicit or accept, agree to accept, or attempt to obtain anything that might be regarded as a facilitation payment in any form."
Best practice for two-way communication with whistle-blowers	Access Engineering PLC	Annual Report 2021/22 pg. 170	"Whistle-blower complaints are reviewed by a five-member committee. Throughout the investigation process, two-way communication is maintained to ensure the whistle-blower is kept informed of the progress of the investigation."
	Dialog Axiata PLC	Whistleblowing/ Speaking Up Policy and Procedure pg. 8	"The person who reported the concern will be updated on the status and/or progress of the investigation subject to Axiata Group's policies and procedures."

<p>Best practice for reporting mechanisms for gifts, hospitality and entertainment</p>	<p>Hela Apparel Holdings PLC</p>	<p>Code of Conduct pg. 06/07</p>	<p>"The purpose of business gifts and entertainment in a commercial setting is to create sound working relationships and to promote goodwill, and not to gain unfair advantage. No gift or entertainment should ever be offered, given, provided or accepted by any employee, unless it:</p> <p>(1) does not violate any laws or regulations of the Country,</p> <p>(2) is a promotional item such as a diary, calendar, pen, pen holder, visiting card holder, mug, etc. (not exceeding 2 items at any given instance) which does not exceed Rs. 3,000/-.</p> <p>Offering more expensive gifts other than those of a promotional nature must be approved by the management in advance. Employees who receive such gifts should notify the respective Director immediately upon receipt of the gift. The gift concerned should be returned to the sender without delay if acceptance is declined by the respective Director. Where gifts are offered to Directors or the members of the Executive Committee (Ex-Co) approval for acceptance should be sought from the Group CEO."</p>
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Organisational Transparency

Conglomerates operate as a complex network of interconnected entities such as subsidiaries, sub-subsidiaries, associates, and joint ventures. This complex network may be structured with deliberate opacity, across national borders with varying degrees of control by the parent company. Both fully controlled subsidiaries and non-fully consolidated subsidiaries may be incorporated and operate across several jurisdictions, including secrecy jurisdictions and tax havens. The freedom afforded to companies when forming their group structure, creates opportunities for companies to engage in illicit activities such as money laundering, tax evasion, bribery, corruption etc. In light of such complex and opaque company structures and networks, the purpose of identifying a company's organisational structure is, inter alia, to shed light on the nature of the company's holdings, and to clearly identify cross border cash and capital flows.

Organisational transparency requires the full disclosure of the company's ownership structure in its fully and non-fully consolidated holdings and beneficial ownership. Disclosure of the company's ownership structure includes details such as reporting on all subsidiaries, joint ventures, associates and other significant investments made by the company. It also covers the shareholding of the company in its holdings, the countries in which such entities are incorporated, and the countries in which they operate. It is only if all of the above information has been publicly disclosed that a company will be considered to have transparent disclosure of its ownership structure. Companies that choose not to disclose these structures, make it very difficult for the public and their shareholders to identify the structure of the group and intra-group financial transactions. Such veiled operations also increase the probability of companies engaging in financial irregularities, whilst leaving their shareholders in the dark and unable to stop such irregularities. Often times, companies rely on the principle of materiality to limit 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.

A new question was included in the TRAC Assessment 2022, which assessed if companies disclosed their beneficial ownership. Corporate entities are a convenient means through which ownership may be hidden, thereby creating a secure means for criminals to launder money, finance terrorism and engage in corruption without the risk of criminal sanction. The Central Bank of Sri Lanka has recognised that the lack of adequate, accurate and timely information pertaining to beneficial ownership may increase incidents of money laundering and the financing of terrorism, by disguising the identity of known or suspected criminals, the true purpose of the transaction, and the true source or use of funds.²⁷

What is Beneficial Ownership?

For the purposes of the TRAC Assessment, a beneficial owner was defined "as a natural person who ultimately has controlling ownership or effective control of the company. The ultimate beneficial owner must be a natural person and cannot be a company, an organization or a legal arrangement." Given the complexity of corporate structures, it may be possible for there to be more than one beneficial owner of a company.

Organisational Transparency in Sri Lanka

The overall average score for organisational transparency at 80%, is significantly higher than the overall average score recorded for anti-corruption programmes, which is a mere 35%. Most companies were Fully Transparent in listing the names of their subsidiaries, associates and joint ventures, and their holdings in them. Some companies however, were less transparent when disclosing the country of incorporation and/or operations of all fully consolidated and non-fully consolidated holdings. As observed last year, this discrepancy in disclosure may be attributable to the Colombo Stock Exchange Listing Rules section 7.6 (ii) which requires that companies listed on the stock exchange publish the principal activities of the entity and its subsidiaries in its Annual Report.

27. Guidelines for Designated Non-Finance Businesses on Identification of Beneficial Ownership, No. 02 of 2019 - <http://fiusrilanka.gov.lk/docs/Guidelines/2019/Guideline-02-2019.pdf>

Organisational Transparency

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	10.00
1	ACL Cables PLC	10.00
1	Aitken Spence PLC	10.00
1	Alumex PLC	10.00
1	Asian Hotels and Properties PLC	10.00
1	Central Finance Company PLC	10.00
1	Ceylinco Insurance PLC	10.00
1	Ceylon Guardian Investment Trust PLC	10.00
1	Commercial Bank of Ceylon PLC	10.00
1	Commercial Credit and Finance PLC	10.00
1	Dialog Axiata PLC	10.00
1	Dilmah Ceylon Tea Company PLC	10.00
1	Dipped Products PLC	10.00
1	Hayleys PLC	10.00
1	Hela Apparel Holdings PLC	10.00
1	John Keells Holdings PLC	10.00
1	John Keells Hotels PLC	10.00
1	Lanka Tiles PLC	10.00
1	Seylan Bank PLC	10.00
1	Teejay Lanka PLC	10.00
1	Union Bank of Colombo PLC	10.00
1	United Motors Lanka PLC	10.00
1	Vallibel Power Erathna PLC	10.00
1	Vidullanka PLC	10.00
25	Haycarb PLC	9.38
26	Aitken Spence Hotel Holdings PLC	8.75
26	Bukit Darah PLC	8.75
26	Carson Cumberbatch PLC	8.75
26	Eden Hotel Lanka PLC	8.75
26	Hatton National Bank PLC	8.75
26	JAT Holdings PLC	8.75
26	L B Finance PLC	8.75
26	Laugfs Gas PLC	8.75
26	Melstacorp PLC	8.75
26	National Development Bank PLC	8.75
26	People's Leasing & Finance PLC	8.75
26	Sampath Bank PLC	8.75
26	Sri Lanka Telecom PLC	8.75

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
39	Expolanka Holdings PLC	8.13
39	Hemas Holdings PLC	8.13
41	Ambeon Capital PLC	7.50
41	Ambeon Holdings PLC	7.50
41	Asiri Surgical Hospital PLC	7.50
41	Cargills (Ceylon) PLC	7.50
41	Ceylon Cold Stores PLC	7.50
41	CIC Holdings PLC	7.50
41	DFCC Bank PLC	7.50
41	Harischandra Mills PLC	7.50
41	HNB Finance PLC	7.50
41	hSenid Business Solutions PLC	7.50
41	Malwatte Valley Plantation PLC	7.50
41	Nations Trust Bank PLC	7.50
41	Overseas Realty (Ceylon) PLC	7.50
41	Property Development PLC	7.50
41	Royal Ceramics Lanka PLC	7.50
41	Senkadagala Finance Company PLC	7.50
41	The Lanka Hospitals Corporation PLC	7.50
41	Tokyo Cement Company (Lanka) PLC	7.50
41	Vallibel One PLC	7.50
60	LOLC Holdings PLC	6.88
60	Singer (Sri Lanka) PLC	6.88
62	Brown & Company PLC	6.25
62	Browns Investments PLC	6.25
62	Lanka IOC PLC	6.25
62	Lanka Walltiles PLC	6.25
62	Richard Pieris & Company PLC	6.25
62	Richard Pieris Exports PLC	6.25
62	Windforce PLC	6.25
69	Asiri Hospital Holdings	5.00
69	C T Holdings PLC	5.00
69	Ceylon Beverage Holdings PLC	5.00
69	Distilleries Company of Sri Lanka PLC	5.00
69	Hayleys Fabric PLC	5.00
69	Lion Brewery (Ceylon) PLC	5.00
69	Mercantile Investment and Finance PLC	5.00
69	Namunukula Plantations PLC	5.00

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

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
69	Sunshine Holdings PLC	5.00
69	Vallibel Finance PLC	5.00
69	Watawala Plantations PLC	5.00
80	B P P L Holdings PLC	3.75
80	Kotmale Holdings PLC	3.75
82	Softlogic Holdings PLC	2.50
N/A	Amana Bank PLC	N/A
N/A	Ceylon Tobacco Company PLC	N/A
N/A	Chevron Lubricants Lanka PLC	N/A
N/A	Citizens Development Business Finance PLC	N/A
N/A	Dialog Finance PLC	N/A
N/A	First Capital Treasuries PLC	N/A
N/A	Good Hope PLC	N/A
N/A	Indo-Malay PLC	N/A
N/A	LOLC Development Finance PLC	N/A
N/A	LOLC Finance PLC	N/A
N/A	LOLC General Insurance PLC	N/A
N/A	Nawaloka Hospitals PLC	N/A
N/A	Nestle Lanka PLC	N/A
N/A	PGP Glass Ceylon PLC	N/A
N/A	Shalimar (Malay) PLC	N/A
N/A	Softlogic Life Insurance PLC	N/A
N/A	Trans Asia Hotels PLC	N/A
N/A	Union Assurance PLC	N/A
	Average	7.86

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

Organisational Transparency



Organisational Transparency in numbers

Of the 100 companies assessed, 78 had fully consolidated holdings and 45 had non-fully consolidated holdings. Accordingly, a total of 82 companies had either fully or non-fully consolidated holdings. Of the 82 companies that had either subsidiaries, associates or joint ventures, 29% of the companies were Fully Transparent and achieved the maximum score of 100%. This reflects a decline from the previous year, where 35% of the companies scored 100%. Of the 24 Fully Transparent companies, it is noteworthy that 6 such companies belong to the capital goods industry, 3 companies belong to the banking industry, and another 3 belong to the diversified financials industry.

Most companies were Moderately Transparent in their organisational transparency disclosures, receiving scores between 60% - 79%. Breaking from the positive trend witnessed in the previous TRAC report where all companies were at least Partially Transparent with a score over 50%, three companies in the current assessment scored between 20% - 40% and are therefore only Slightly Transparent.

All companies that have fully consolidated subsidiaries or non-fully consolidated holdings, fully disclosed the list of such companies with names. 96% of the companies that have fully consolidated subsidiaries and 98% of the companies that have non-fully consolidated holdings, fully disclosed the percentages owned in each of them.

52 companies disclosed the country of incorporation for all fully consolidated subsidiaries whilst 38 companies disclosed the country of operations for all fully consolidated subsidiaries. A similar trend was observed regarding disclosures pertaining to non-fully consolidated holdings, where 23 companies disclosed the country of incorporation, and 24 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. 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. This assumption however, is untenable as companies may conduct operations outside of the country in which they are incorporated. Similarly, some companies relied on the name of the company, which may sometime include a country or place, as an indication of the country of incorporation and operation. This too, cannot be considered a disclosure of the country of operations and/or country of incorporation, as the name of the company may carry a different geographical location to the country in which it is actually operating or incorporated. Therefore, when scoring this section, if the company had disclosed the “registered office” it was considered as a disclosure of the country of incorporation. On the other hand, disclosures pertaining to “the principal place of business”, “domicile” or even the provision of an address only, was considered as disclosure of the country of operations.

Beneficial Ownership

The present TRAC Assessment introduced a new question to this section, to assess if companies disclose the ultimate beneficial ownership of the company. As this question was included newly to the TRAC Assessment, it was scored on a “Yes/No” basis and therefore, will not be considered towards the overall ranking of the companies. An overwhelming 91% of the companies assessed, scored a “No” for the question on beneficial ownership. Of the 100 companies assessed, only 09 companies disclosed the beneficial owner of the company or the natural person who was the ultimate controlling party of the company.

Several companies disclosed their parent company or the controlling party of the company, as the beneficial owner. However, as this did not refer to a natural person, but rather, other legal persons, a “Yes” score was not allocated for such companies. In their feedback, some companies highlighted the fact that they do not have an ultimate controlling party who is a natural person as they have placed a majority of their shares on the Colombo Stock Exchange, and as such, it is not possible to track the natural persons behind legal entities that buy and sell the company’s shares on the stock exchange. Whilst the present assessment marked such companies that do not have identifiable majority shareholders as “No” for not disclosing their beneficial owner, TISL recommends that such companies explicitly disclose to the public, that they do not have an ultimate beneficial owner due to the nature of their shareholdings going forward.

Domestic Financial Reporting

The section on Domestic Financial Reporting assesses a company's financial disclosures pertaining to revenue, capital expenditure, pre-tax income, income tax, and community contributions. The financial indicators evaluated in this section are industry-neutral and are therefore applicable to all 100 companies assessed. Requiring companies to disclose such financial information pertaining to their operations in Sri Lanka creates transparency of company activities within the country. This section sets out the reporting standards required at the most basic level for stakeholders to hold the company accountable for their activities in Sri Lanka.

The disclosure of domestic financial data is essential for stakeholders of the company and the general public, to understand the extent of the company's activities and the extent to which it is contributing towards the communities in which it operates. The disclosure of this data, forms the basis on which stakeholders may undertake further research and/or investigation to identify potential cases of corruption. The requirement of publicly disclosed financial information also limits the company's ability to engage in corruption as it significantly reduces the company's ability to act behind closed doors. This section is also particularly important as it sheds light on the financial transfers companies make to the government. In light of the ongoing economic crisis brought on by the gross mismanagement of public funds and assets, including the mismanagement of taxes, this section provides the public with a glimpse of the funds that the government receives. Public disclosure of such financial transfers empowers citizens to assess how the government manages public funds collected from these companies. Where such information is often not forthcoming from the government itself, such disclosures made by the companies, provides the public with the knowledge required to demand that such funds be utilised and managed transparently and with accountability, for the social and economic benefit of the country. Such disclosure, has never before been more relevant and important, as the country struggles to navigate its way through the ongoing economic crisis.

From the perspective of the company, the disclosure of such financial data only serves to improve the company's standing with the general public as a transparent and accountable corporate citizen. The disclosure of the company's community contributions within the communities that they operate, will only serve to enhance the company's reputation amongst the general public.

Domestic Financial Reporting in Sri Lanka

As with the previous years, with an overall average of 95%, this was the highest scoring section across all four sections assessed towards the overall ranking of the companies. Of the 100 companies assessed, 98 companies received a full score for their disclosures on revenue, capital expenditure, pre-tax income and income tax paid in Sri Lanka. Only 2 companies did not receive a score for this disclosure, as the companies had yet to publish their Annual Reports at the time of the assessment. As has been observed in previous TRAC reports, the extra-ordinarily high scoring in this section may be attributable to the legal and regulatory obligations placed on companies by 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. These laws and regulations read complementarily to one another, places a high burden on companies to maintain and keep proper accounting records²⁸ which give a true and fair view of the company's state of affairs.²⁹ 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 the companies that had published their Annual Report at the time of assessment, scored full marks for the questions relating to revenue, capital expenditure, income before tax and income tax in Sri Lanka.

28. Companies Act No. 07 of 2007, Sections 150(1), 151, 152(1) and 153 - <http://www.drc.gov.lk/en/wp-content/uploads/2018/04/Act-7-of-2007-English.pdf>; Accounting and Auditing Standards Act section 5 and 6 - <http://www.slaasc.lk/pdf/01.pdf>

29. Companies Act No. 07 of 2007, Sections 148, and 120 - <http://www.drc.gov.lk/en/wp-content/uploads/2018/04/Act-7-of-2007-English.pdf>

Domestic Financial Reporting

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	10.00
1	Aitken Spence Hotel Holdings PLC	10.00
1	Aitken Spence PLC	10.00
1	Alumex PLC	10.00
1	Amana Bank PLC	10.00
1	Ambeon Capital PLC	10.00
1	Asian Hotels and Properties PLC	10.00
1	Asiri Hospital Holdings	10.00
1	B P P L Holdings PLC	10.00
1	Browns Investments PLC	10.00
1	Bukit Darah PLC	10.00
1	Cargills (Ceylon) PLC	10.00
1	Carson Cumberbatch PLC	10.00
1	Central Finance Company PLC	10.00
1	Ceylinco Insurance PLC	10.00
1	Ceylon Beverage Holdings PLC	10.00
1	Ceylon Cold Stores PLC	10.00
1	Ceylon Guardian Investment Trust PLC	10.00
1	Chevron Lubricants Lanka PLC	10.00
1	Citizens Development Business Finance PLC	10.00
1	Commercial Bank of Ceylon PLC	10.00
1	Dialog Axiata PLC	10.00
1	Dialog Finance PLC	10.00
1	Dilmah Ceylon Tea Company PLC	10.00
1	Dipped Products PLC	10.00
1	Distilleries Company of Sri Lanka PLC	10.00
1	Eden Hotel Lanka PLC	10.00
1	Expolanka Holdings PLC	10.00
1	Good Hope PLC	10.00
1	Harischandra Mills PLC	10.00
1	Hatton National Bank PLC	10.00
1	Haycarb PLC	10.00
1	Hayleys Fabric PLC	10.00
1	Hayleys PLC	10.00
1	Hemas Holdings PLC	10.00
1	hSenid Business Solutions PLC	10.00
1	Indo-Malay PLC	10.00
1	JAT Holdings PLC	10.00

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	10.00
1	John Keells Hotels PLC	10.00
1	Kotmale Holdings PLC	10.00
1	L B Finance PLC	10.00
1	Lanka IOC PLC	10.00
1	Laugfs Gas PLC	10.00
1	Lion Brewery (Ceylon) PLC	10.00
1	LOLC Development Finance PLC	10.00
1	LOLC General Insurance PLC	10.00
1	LOLC Holdings PLC	10.00
1	Malwatte Valley Plantation PLC	10.00
1	Melstacorp PLC	10.00
1	Mercantile Investment and Finance PLC	10.00
1	Namunukula Plantations PLC	10.00
1	National Development Bank PLC	10.00
1	Nations Trust Bank PLC	10.00
1	Nestle Lanka PLC	10.00
1	People's Leasing & Finance PLC	10.00
1	PGP Glass Ceylon PLC	10.00
1	Property Development PLC	10.00
1	Richard Pieris Exports PLC	10.00
1	Royal Ceramics Lanka PLC	10.00
1	Sampath Bank PLC	10.00
1	Seylan Bank PLC	10.00
1	Shalimar (Malay) PLC	10.00
1	Singer (Sri Lanka) PLC	10.00
1	Softlogic Life Insurance PLC	10.00
1	Sri Lanka Telecom PLC	10.00
1	Teejay Lanka PLC	10.00
1	The Lanka Hospitals Corporation PLC	10.00
1	Tokyo Cement Company (Lanka) PLC	10.00
1	Trans Asia Hotels PLC	10.00
1	Union Assurance PLC	10.00
1	United Motors Lanka PLC	10.00
1	Vallibel Finance PLC	10.00
1	Vallibel One PLC	10.00
1	Vallibel Power Erathna PLC	10.00
1	Watawala Plantations PLC	10.00

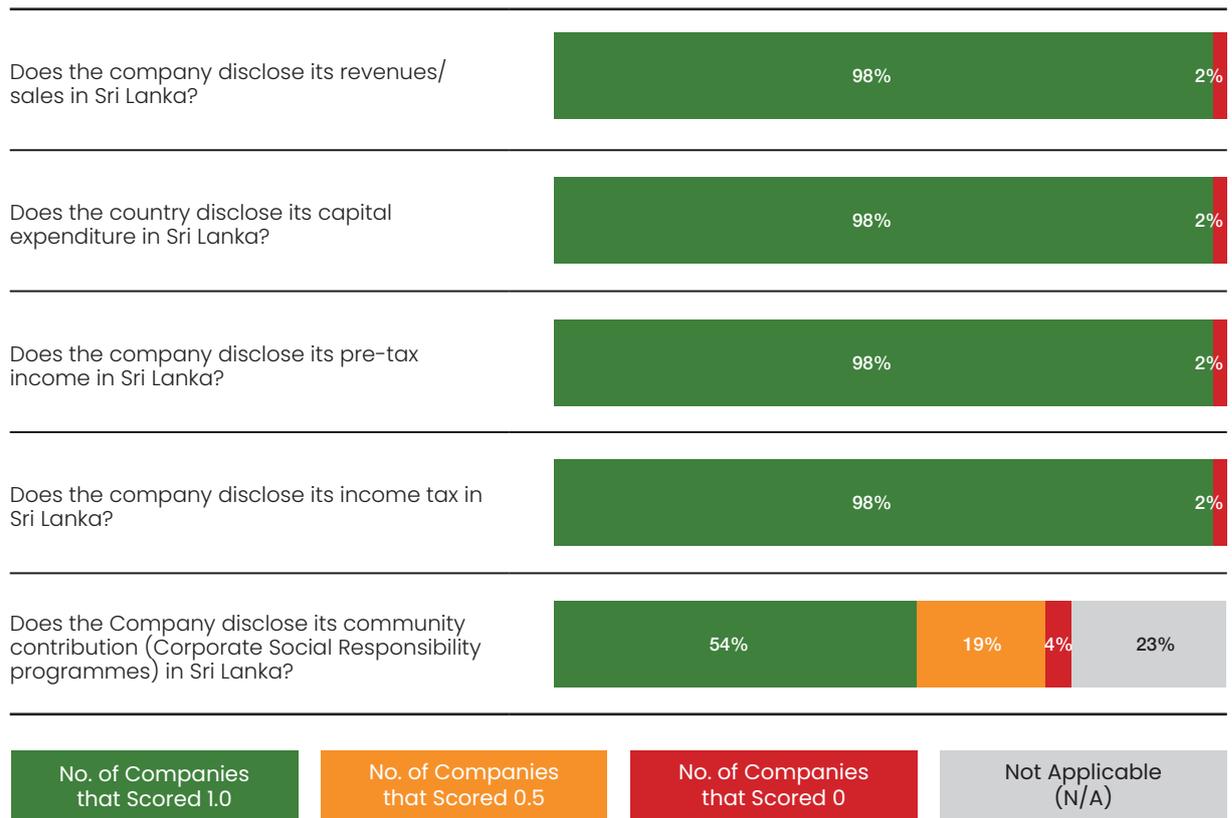
Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
0.00 - 1.99	2.00 - 3.99	4.00 - 5.99	6.00 - 7.99	8.00 - 9.99	10.00

Domestic Financial Reporting

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
1	Windforce PLC	10.00
78	ACL Cables PLC	9.00
78	Ambeon Holdings PLC	9.00
78	Asiri Surgical Hospital PLC	9.00
78	Brown & Company PLC	9.00
78	C T Holdings PLC	9.00
78	Ceylon Tobacco Company PLC	9.00
78	CIC Holdings PLC	9.00
78	Commercial Credit and Finance PLC	9.00
78	DFCC Bank PLC	9.00
78	First Capital Treasuries PLC	9.00
78	Hela Apparel Holdings PLC	9.00
78	HNB Finance PLC	9.00
78	Lanka Tiles PLC	9.00
78	Lanka Walltiles PLC	9.00
78	LOLC Finance PLC	9.00
78	Overseas Realty (Ceylon) PLC	9.00
78	Richard Pieris & Company PLC	9.00
78	Sunshine Holdings PLC	9.00
78	Vidullanka PLC	9.00
97	Senkadagala Finance Company PLC	8.00
97	Union Bank of Colombo PLC	8.00
99	Nawaloka Hospitals PLC	0.00
99	Softlogic Holdings PLC	0.00
	Average	9.46

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

Domestic Financial Reporting



Domestic Financial Reporting in numbers

Of the 100 companies assessed, 98 companies disclosed their domestic revenue, capital expenditure, income before tax, and income tax paid. This is a continuing trend observed across all previous TRAC reports, and may be attributable to the legal requirement placed on companies to make such disclosures. Over three-quarter of the companies assessed amounting to 77% were Fully Transparent, obtaining a full score for the section on domestic financial reporting.

75 of the companies assessed disclosed that they had made community contributions for the year under consideration. Of these, 54 companies amounting to 72% of the companies that made community contributions, disclosed the amount contributed and how it was spent. This in effect indicates a 6% increase compared to the previous year where only 66% of the companies that made community contributions disclosed the amount of community contributions and how it was spent. This is the highest level of disclosure observed for this question, across all three TRAC reports carried out by TISL. Only 2 companies stated that they made community contributions but did not disclose either the amount of the contribution or how it was spent. The remaining 19 companies, either disclosed the amount of the community contribution or provided a description of the community contribution, thereby resulting in these companies receiving a “0.5” score.

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. Country-by-country reporting illuminates the links between companies and the foreign jurisdictions in which they work. It is hoped that holding companies to the same standard of domestic financial reporting in their foreign operations as well, will facilitate an equal measure of accountability across all countries of operations. This section on country-by-country reporting assesses if companies disclose financial data for all the countries in which they operate. Closely following the structure of the section on domestic financial reporting, this section assesses whether a company discloses its revenue, capital expenditure, pre-tax income, income tax paid and community contributions.

Some companies report information only on their 'material'³⁰ subsidiaries, i.e., subsidiaries that make a significant contribution towards the overall revenue of the company. Whilst it is encouraging that some companies at least disclose their financial data for material subsidiaries, TISL recommends that companies disclose financial data for all the countries in which they operate regardless of materiality. Disclosures on the basis of materiality are discouraged as, materiality is determined on a subjective criterion which may vary from country to country based on the accounting regime in place. Materiality is also discouraged, as smaller subsidiaries which may be considered insignificant, could be used as financial vehicles for fraud and corruption by the parent company. This is particularly so, as foreign subsidiaries may be used by multinationals to shift profits to low-tax jurisdictions. In such a context, country-by-country reporting on payments to the state creates a means of exposing excessive tax evasion by companies.

Country-by-Country Reporting in Sri Lanka

Of the 100 companies assessed, 35 companies had subsidiaries operating in foreign jurisdictions. Of these 35 companies, 1 company³¹ was not scored as the company had decided to withdraw from the joint venture in the foreign jurisdiction. It was therefore considered as "Not Applicable". The average company score for country-by-country reporting is 28%, which is the lowest overall average score across all the sections. Compared to the previous TRAC report, there has been a decrease in the overall average score from 34% to 28% which indicates that there has been some deterioration in disclosures pertaining to foreign subsidiaries. This however, may be due to the increase in the number of companies assessed in the current report, rather than a weakening in disclosure practices of companies. Of the 35 companies that have subsidiaries operating in foreign jurisdictions, only two companies are Fully Transparent with a score of 100%.

As with previous TRAC assessments, this year being no exception, it was observed that companies were more transparent in their domestic financial reporting compared to their country-by-country reporting disclosures. Despite being assessed on the same indicators in both sections, the average score for domestic financial reporting was 95% compared to the 28% recorded for country-by-country reporting. This discrepancy may be attributed to the fact that some companies limit their financial reporting to "consolidated financials" of the group as a whole. Therefore, whilst the financial data of their foreign operations is reflected in the ultimate consolidated figures, it cannot be independently identified and verified. Another reason for companies receiving low scores in relation to country-by-country reporting, is due to the reliance on the principle of materiality, based on which, companies only disclose the financial data for material or significant regions and/or countries. Finally, regarding the question on income tax, it was observed that several companies had disclosed the tax rate that was applicable to their foreign subsidiaries instead of disclosing the actual amount paid.

30. Materiality is an accounting term – it allows to select certain items for companies' reports on the basis of their relative significance for the overall company business (usually measured as a percentage of total revenues, or investment, or profit).

31. Of the 35 companies that have cross border operations, 1 company, namely CIC Holdings PLC, disclosed that they had wound up their foreign operations and were therefore scored as "Not Applicable".

Country-by-Country 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	Hayleys PLC	10.00	18	Windforce PLC	0.50
1	John Keells Hotels PLC	10.00	20	Melstacorp PLC	0.28
3	John Keells Holdings PLC	9.00	21	Expolanka Holdings PLC	0.08
4	Bukit Darah PLC	8.20	22	Access Engineering PLC	0.00
4	Carson Cumberbatch PLC	8.20	22	Ambeon Capital PLC	0.00
6	L B Finance PLC	8.00	22	Ambeon Holdings PLC	0.00
6	Laugfs Gas PLC	8.00	22	Brown & Company PLC	0.00
8	Commercial Bank of Ceylon PLC	6.00	22	Browns Investments PLC	0.00
8	National Development Bank PLC	6.00	22	Ceylinco Insurance PLC	0.00
8	People's Leasing & Finance PLC	6.00	22	Ceylon Guardian Investment Trust PLC	0.00
11	Dipped Products PLC	4.00	22	Eden Hotel Lanka PLC	0.00
12	Haycarb PLC	2.38	22	Hela Apparel Holdings PLC	0.00
13	Vidullanka PLC	2.00	22	Hemas Holdings PLC	0.00
14	Aitken Spence PLC	1.38	22	hSenid Business Solutions PLC	0.00
15	JAT Holdings PLC	1.34	22	Lanka Tiles PLC	0.00
16	LOLC Holdings PLC	1.08	22	Richard Pieris & Company PLC	0.00
17	Teejay Lanka PLC	1.00	N/A	CIC Holdings PLC	N/A
18	Aitken Spence Hotel Holdings PLC	0.50	Average		2.76

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

Country-by-Country Reporting in numbers

2 of the 35 companies, namely, Hayleys PLC and John Keells Hotels PLC scored 100% and are Fully Transparent in their country-by-country reporting disclosures. Regrettably however, a majority amounting to 62% of the companies that have foreign operations, were within the Least Transparent bracket scoring between 0% to 19%. In fact, 13 companies made no disclosures pertaining to their foreign operations and received a score of 0%. With an overall average of 28% companies in Sri Lanka are only Slightly Transparent in their country-by-country reporting.

Reporting on Gender and Non-Discrimination

Reporting on gender and non-discrimination policies was a new section first introduced in the TRAC Assessment 2021. Sexual harassment is a prevalent, pervasive and serious problem that plagues human resources in the workplace which is now regarded as a form of corruption. Various forms of corruption, including sextortion³², have negative impacts on the corporate sector as a whole. Corruption at the time of recruitment itself, sets the tone for employees to freely engage in other forms of corruption during their tenure of employment. It also creates a vicious cycle of corruption, at each point of an employee's career development, as corruption becomes the norm rather than the exception, when applying for promotions and pay increments.

In recognition of the critical importance of merit-based recruitment and promotion policies which are gender neutral, and the adoption of a strong sexual harassment policy, this section assesses companies' disclosures pertaining to the above. 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 whether companies made disclosures on a zero-tolerance approach to sexual harassment and whether the company disclosed that they follow a policy of non-discrimination on the basis of gender at the point of recruitment and promotion. Whilst it is acknowledged that several companies state broadly that they are equal opportunity employers, given that corruption at the time of recruitment and promotion may be the gateway point for greater corruption, the assessment sought specific disclosure that the company was gender neutral at the time of both recruitment and promotion.

What is Sextortion?

The International Association of Women Judges (IAWJ) defines sextortion as a "form of corruption in which sex, rather than money, is the currency of the bribe."³³ Accordingly, sextortion is distinguished from other types of sexually abusive conduct, as it includes both a sexual component concurrent with a corruption component. Oftentimes it takes the form of quid-pro-quo sexual harassment, wherein, victims are expected to perform sexual favours in order to secure their position, promotion and/or benefits.

How is Sextortion Relevant to Companies?

As most companies follow a hierarchical management structure, employees in managerial posts and other positions of power, may abuse their power to obtain a sexual advantage or benefit. Sextortion in the work place may occur, if employees in positions of power, leverage such power to request for sexual favours in exchange for recruitment, promotions, increments etc. A common phenomenon observed in public service delivery,³⁴ a similar power imbalance may also be seen between company personnel and third-party stakeholders such as clients and customers, which may also lead to the prevalence of sextortion in the provision of services by the private sector as well.

A first step to addressing sextortion, is to implement strong policies that strictly prohibit any and all forms of sexual harassment. This must be accompanied by equally strong measures to ensure gender equality across the company's operations. As sextortion is premised on the abuse of power by those in positions of authority, it is imperative that the sexual harassment policy and non-discrimination policy or equivalent of the company apply not only to its employees, but to its directors and senior management as well. Similarly, as some company personnel may have unequal power dynamics with their customers and clients, these policies should also extend to all employee transactions with third parties as well.

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

33. International Association of Women Judges. Stopping the abuse of power through sexual exploitation: naming, shaming and ending sextortion. Washington DC: IAWJ; 2012 -

https://www.unodc.org/res/ji/import/guide/naming_shaming_ending_sextortion/naming_shaming_ending_sextortion.pdf

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

Reporting on Gender and Non-Discrimination

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	10.00
1	Aitken Spence PLC	10.00
1	Alumex PLC	10.00
1	Asian Hotels and Properties PLC	10.00
1	Ceylon Tobacco Company PLC	10.00
1	CIC Holdings PLC	10.00
1	Citizens Development Business Finance PLC	10.00
1	DFCC Bank PLC	10.00
1	Dilmah Ceylon Tea Company PLC	10.00
1	Expolanka Holdings PLC	10.00
1	Hatton National Bank PLC	10.00
1	Hela Apparel Holdings PLC	10.00
1	John Keells Holdings PLC	10.00
1	John Keells Hotels PLC	10.00
1	L B Finance PLC	10.00
1	Lanka IOC PLC	10.00
1	National Development Bank PLC	10.00
1	Teejay Lanka PLC	10.00
1	Trans Asia Hotels PLC	10.00
1	Watawala Plantations PLC	10.00
21	ACL Cables PLC	7.50
21	Amana Bank PLC	7.50
21	B P P L Holdings PLC	7.50
21	Cargills (Ceylon) PLC	7.50
21	Ceylon Cold Stores PLC	7.50
21	Commercial Bank of Ceylon PLC	7.50
21	Dialog Axiata PLC	7.50
21	Dipped Products PLC	7.50
21	First Capital Treasuries PLC	7.50
21	Haycarb PLC	7.50
21	Hayleys PLC	7.50
21	Hemas Holdings PLC	7.50
21	HNB Finance PLC	7.50
21	hSenid Business Solutions PLC	7.50
21	JAT Holdings PLC	7.50
21	Lanka Walltiles PLC	7.50
21	Laugfs Gas PLC	7.50
21	Namunukula Plantations PLC	7.50

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
21	People's Leasing & Finance PLC	7.50
21	Seylan Bank PLC	7.50
21	Singer (Sri Lanka) PLC	7.50
21	Softlogic Life Insurance PLC	7.50
21	Sunshine Holdings PLC	7.50
21	Union Assurance PLC	7.50
21	United Motors Lanka PLC	7.50
21	Vallibel One PLC	7.50
47	Aitken Spence Hotel Holdings PLC	5.00
47	Brown & Company PLC	5.00
47	Browns Investments PLC	5.00
47	Bukit Darah PLC	5.00
47	C T Holdings PLC	5.00
47	Carson Cumberbatch PLC	5.00
47	Central Finance Company PLC	5.00
47	Dialog Finance PLC	5.00
47	Hayleys Fabric PLC	5.00
47	Malwatte Valley Plantation PLC	5.00
47	Melstacorp PLC	5.00
47	Nations Trust Bank PLC	5.00
47	Nestle Lanka PLC	5.00
47	Overseas Realty (Ceylon) PLC	5.00
47	Richard Pieris & Company PLC	5.00
47	Richard Pieris Exports PLC	5.00
47	Royal Ceramics Lanka PLC	5.00
47	Sampath Bank PLC	5.00
47	Sri Lanka Telecom PLC	5.00
47	Union Bank of Colombo PLC	5.00
47	Vallibel Finance PLC	5.00
68	Ceylinco Insurance PLC	2.50
68	Lanka Tiles PLC	2.50
68	Senkadagala Finance Company PLC	2.50
68	Vallibel Power Erathna PLC	2.50
68	Windforce PLC	2.50
73	Ambeon Capital PLC	0.00
73	Ambeon Holdings PLC	0.00
73	Asiri Hospital Holdings	0.00
73	Asiri Surgical Hospital PLC	0.00

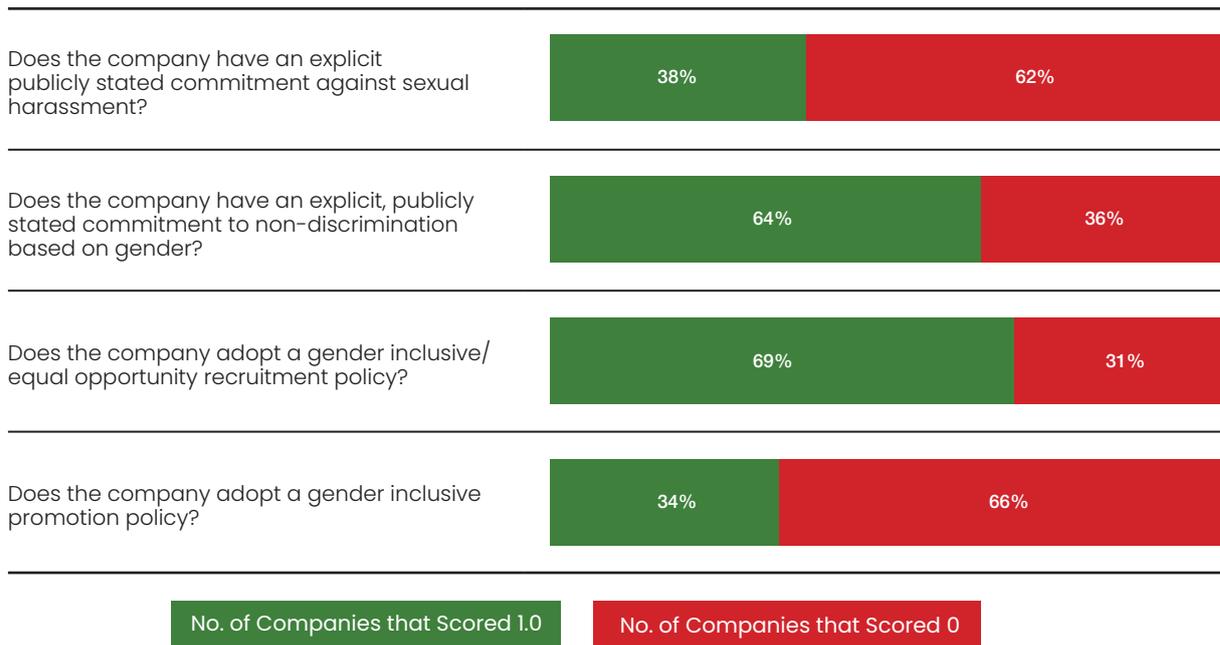
Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
0.00 - 1.99	2.00 - 3.99	4.00 - 5.99	6.00 - 7.99	8.00 - 9.99	10.00

Reporting on Gender and Non-Discrimination

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
73	Ceylon Beverage Holdings PLC	0.00
73	Ceylon Guardian Investment Trust PLC	0.00
73	Chevron Lubricants Lanka PLC	0.00
73	Commercial Credit and Finance PLC	0.00
73	Distilleries Company of Sri Lanka PLC	0.00
73	Eden Hotel Lanka PLC	0.00
73	Good Hope PLC	0.00
73	Harischandra Mills PLC	0.00
73	Indo-Malay PLC	0.00
73	Kotmale Holdings PLC	0.00
73	Lion Brewery (Ceylon) PLC	0.00
73	LOLC Development Finance PLC	0.00
73	LOLC Finance PLC	0.00
73	LOLC General Insurance PLC	0.00
73	LOLC Holdings PLC	0.00
73	Mercantile Investment and Finance PLC	0.00
73	Nawaloka Hospitals PLC	0.00
73	PGP Glass Ceylon PLC	0.00
73	Property Development PLC	0.00
73	Shalimar (Malay) PLC	0.00
73	Softlogic Holdings PLC	0.00
73	The Lanka Hospitals Corporation PLC	0.00
73	Tokyo Cement Company (Lanka) PLC	0.00
73	Vidullanka PLC	0.00
Average		5.17

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

Reporting on Gender and Non-Discrimination



Reporting on Gender and Non-Discrimination

Of the 100 companies assessed, only 20 companies were Fully Transparent with a score of 10. Whilst this was an improvement from the 14 Fully Transparent companies recorded the previous year, it indicates only a very marginal increase in disclosure practices. The low number of Fully Transparent companies is concerning, as it indicates that the top 100 public limited companies have weak disclosure practices pertaining to their gender and sexual harassment policies. More concerning, is the fact that a total of 28 companies received a “0” score for all four questions, as they had failed to make any disclosure pertaining to gender and non-discrimination.

Only 38% of the companies assessed had an explicit statement against sexual harassment. It must be noted that some companies had mentioned the existence of a harassment policy, and reporting mechanisms for harassment, but failed to state that the company had a zero-tolerance approach towards sexual harassment. Whilst the TRAC report acknowledges that the failure to mention such a commitment to anti-sexual harassment, does not in any way reflect the actual practice of the company, the public disclosure of such a commitment is essential to encourage and reassure members of vulnerable groups, of their security in the workplace.

As with the previous year, 64% of the companies had an explicit commitment to non-discrimination on the basis of gender or non-discrimination which was assumed to include on the basis of gender. A positive change observed in the current TRAC assessment, is the increase in the number of companies that explicitly stated that they adopt a gender-neutral recruitment process. Reflecting a 12% increase over the previous year, 69 companies in total, stated that they follow a non-discriminatory recruitment policy. A recurring trend from the previous TRAC assessment, the lowest scoring question in this section, was the question on equal opportunity at the time of promotion. Only 34% of the companies made disclosures regarding equal opportunity at the time of promotion.

Suggested Reporting Best Practices for better corporate disclosure on Gender and Non-Discrimination

Best practice in commitment to anti-sexual harassment	Ceylon Tobacco Company PLC	Our Standards of Business Conduct 2020 pg. 13	"All aspects of harassment and bullying are completely unacceptable. We are committed to removing any such actions or attitudes from the workplace. Harassment and bullying includes, but is not limited to, any form of sexual, verbal, non-verbal and physical behaviour which is abusive, humiliating or intimidating."
Best Practice in Commitment to Non-Discrimination	Alumex PLC	Annual Report 2021/22 pg. 83	"Underscoring our efforts to create an inclusive workplace is a zero tolerance for discrimination or harassment in any form." "We are an equal opportunity employer, and do not discriminate against people by age, gender, marital status, religion or caste."
Best practice in commitment to non-discrimination at the time of recruitment	Dilmah Ceylon Tea Company PLC	MJF Group Companies ("Dilmah Tea") Business Ethics Policy	"DILMAH TEA is committed to offering equal opportunities to all persons without discrimination irrespective of race, gender, marital status, religion or disability."
Best practice in commitment to non-discrimination at the time of promotion	Asian Hotels and Properties	Annual Report 2021/22 pg. 57	"The Company has an equal opportunity policy in respect of employment and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Company, in line with the JKH Group policy, practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability."

Reporting on Procurement related to Government Contracts/Tenders

This section was introduced for the first time in the current TRAC assessment. Sri Lanka has faced a tumultuous year defined by the ongoing economic crisis. Disheartened by decades of mismanagement of the nation's economy and public funds, there was a strong call by the public for greater accountability in governance. In light of increased public fervour in favour of greater transparency and accountability, this section was a timely inclusion to the TRAC assessment. The section has four questions which assess if companies have in place policies for bidding on government contracts/tenders, if companies disclose that they have ongoing contracts with the government and publish those contracts, and finally, if the company has published audited financials for the contracts it has entered into with the government. The assessment was not limited to contracts with the Sri Lankan government, but assessed whether companies had contracts with any government, local or foreign.

The disclosure of information relating to the procurement of government contracts and tenders, helps the general public to hold the state accountable. The disclosure of the actual financials for a project, along with the actual scope and extent of the contract by the company, significantly reduces the possibility of such projects being used as a vehicle of corruption. This allows the public to put pressure on the government to ensure that there are no corrupt dealings surrounding such contracts. It also allows citizens to monitor the appropriateness of projects undertaken. From the perspective of investors, it provides them with comprehensive financial and non-financial information about the company, which in turn will assist them to more effectively assess their investment risk.

What was Considered a Government Contract for the Assessment?

When scoring this section, the assessment did not consider transactions with the Government of Sri Lanka and Government related entities, that comprised normal day-to-day operations of the company. For example, transactions such as investments in government securities, payment of statutory rates and taxes, payment of utilities, payment of employee retirement benefits, and other standard rates and charges, were not considered as constituting government contracts.

Engagement with the government on large projects such as the construction of a flyover, the import of vehicles for public authorities, and provision of electricity for national grids, were however, considered to constitute government contracts and marked accordingly.

Why is Reporting on Procurement Related to Government Contracts/Tenders Relevant to Companies?

The necessity to publish information pertaining to government contracts cannot be overstated. Such disclosure greatly improves the company's accountability. Disclosures on procurement related to government contracts and tenders also reduces public suspicion surrounding such projects, and thereby fosters a better reputation for the company in the public eye. It also demonstrates to the public, that the company has acted in the public interest, and ensures the public that the project demonstrates "value for money". Disclosures of this nature also reduce the risk of corruption in addition to increasing public confidence and awareness. Finally, as it is ultimately the taxpayer that bears the cost of such projects, disclosure of such information, upholds their right to information for publicly funded projects.

Reporting on Procurement related to Government Contracts/Tenders

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	10.00
2	Property Development PLC	6.67
2	Sri Lanka Telecom PLC	6.67
2	Vallibel Power Erathna PLC	6.67
2	Vidullanka PLC	6.67
2	Watawala Plantations PLC	6.67
2	Windforce PLC	6.67
8	Access Engineering PLC	3.75
8	Aitken Spence PLC	3.75
10	ACL Cables PLC	3.33
10	Ambeon Holdings PLC	3.33
10	Brown & Company PLC	3.33
10	Ceylon Cold Stores PLC	3.33
10	Chevron Lubricants Lanka PLC	3.33
10	Dialog Axiata PLC	3.33
10	Haycarb PLC	3.33
10	Hayleys PLC	3.33
10	hSenid Business Solutions PLC	3.33
10	Lanka IOC PLC	3.33
10	LOLC Holdings PLC	3.33
10	People's Leasing & Finance PLC	3.33
22	United Motors Lanka PLC	0.00
N/A	Aitken Spence Hotel Holdings PLC	N/A
N/A	Alumex PLC	N/A
N/A	Amana Bank PLC	N/A
N/A	Ambeon Capital PLC	N/A
N/A	Asian Hotels and Properties PLC	N/A
N/A	Asiri Hospital Holdings	N/A
N/A	Asiri Surgical Hospital PLC	N/A
N/A	B P P L Holdings PLC	N/A
N/A	Browns Investments PLC	N/A
N/A	Bukit Darah PLC	N/A
N/A	C T Holdings PLC	N/A
N/A	Cargills (Ceylon) PLC	N/A
N/A	Carson Cumberbatch PLC	N/A
N/A	Central Finance Company PLC	N/A

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
N/A	Ceylinco Insurance PLC	N/A
N/A	Ceylon Beverage Holdings PLC	N/A
N/A	Ceylon Guardian Investment Trust PLC	N/A
N/A	Ceylon Tobacco Company PLC	N/A
N/A	CIC Holdings PLC	N/A
N/A	Citizens Development Business Finance PLC	N/A
N/A	Commercial Bank of Ceylon PLC	N/A
N/A	Commercial Credit and Finance PLC	N/A
N/A	DFCC Bank PLC	N/A
N/A	Dialog Finance PLC	N/A
N/A	Dilmah Ceylon Tea Company PLC	N/A
N/A	Dipped Products PLC	N/A
N/A	Distilleries Company of Sri Lanka PLC	N/A
N/A	Eden Hotel Lanka PLC	N/A
N/A	Expolanka Holdings PLC	N/A
N/A	First Capital Treasuries PLC	N/A
N/A	Good Hope PLC	N/A
N/A	Harischandra Mills PLC	N/A
N/A	Hatton National Bank PLC	N/A
N/A	Hayleys Fabric PLC	N/A
N/A	Hela Apparel Holdings PLC	N/A
N/A	Hemas Holdings PLC	N/A
N/A	HNB Finance PLC	N/A
N/A	Indo-Malay PLC	N/A
N/A	JAT Holdings PLC	N/A
N/A	John Keells Hotels PLC	N/A
N/A	Kotmale Holdings PLC	N/A
N/A	L B Finance PLC	N/A
N/A	Lanka Tiles PLC	N/A
N/A	Lanka Walltiles PLC	N/A
N/A	Laugfs Gas PLC	N/A
N/A	Lion Brewery (Ceylon) PLC	N/A
N/A	LOLC Development Finance PLC	N/A
N/A	LOLC Finance PLC	N/A
N/A	LOLC General Insurance PLC	N/A
N/A	Malwatte Valley Plantation PLC	N/A

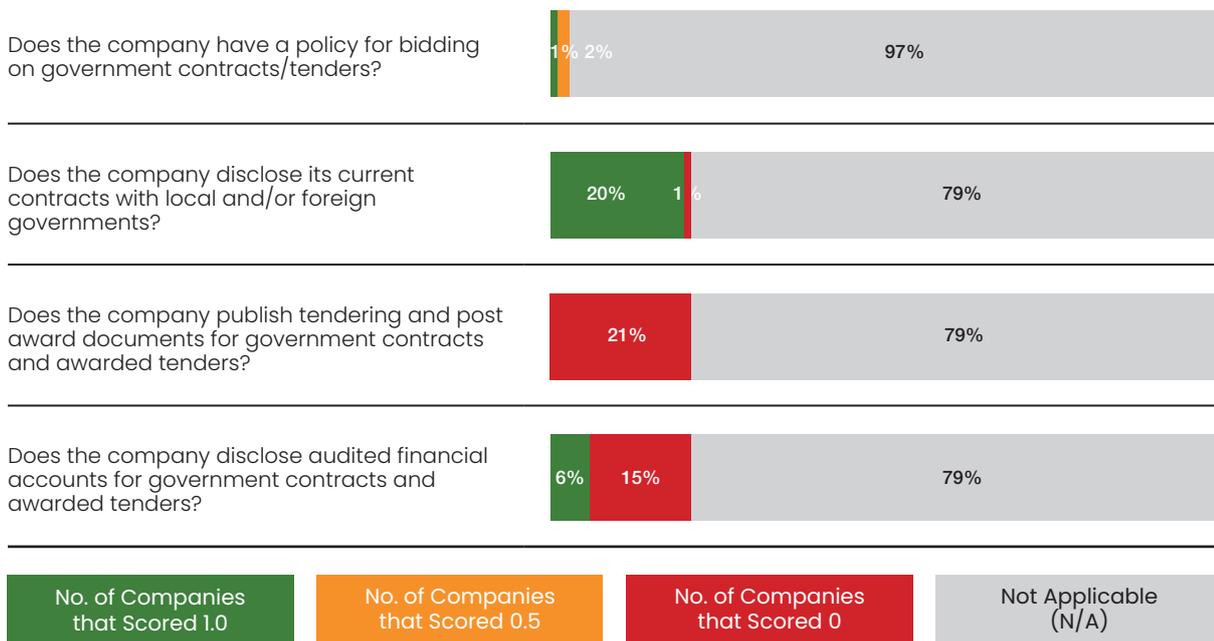
Least Transparent	Slightly Transparent	Partially Transparent	Moderately Transparent	Significantly Transparent	Fully Transparent
0.00 - 1.99	2.00 - 3.99	4.00 - 5.99	6.00 - 7.99	8.00 - 9.99	10.00

Reporting on Procurement related to Government Contracts/Tenders

Rank	Fully to Least Transparent in Corporate Disclosure (Companies with equal index scores are ranked equally and ordered alphabetically)	TRAC Score
N/A	Melstacorp PLC	N/A
N/A	Mercantile Investment and Finance PLC	N/A
N/A	Namunukula Plantations PLC	N/A
N/A	National Development Bank PLC	N/A
N/A	Nations Trust Bank PLC	N/A
N/A	Nawaloka Hospitals PLC	N/A
N/A	Nestle Lanka PLC	N/A
N/A	Overseas Realty (Ceylon) PLC	N/A
N/A	PGP Glass Ceylon PLC	N/A
N/A	Richard Pieris & Company PLC	N/A
N/A	Richard Pieris Exports PLC	N/A
N/A	Royal Ceramics Lanka PLC	N/A
N/A	Sampath Bank PLC	N/A
N/A	Senkadagala Finance Company PLC	N/A
N/A	Seylan Bank PLC	N/A
N/A	Shalimar (Malay) PLC	N/A
N/A	Singer (Sri Lanka) PLC	N/A
N/A	Softlogic Holdings PLC	N/A
N/A	Softlogic Life Insurance PLC	N/A
N/A	Sunshine Holdings PLC	N/A
N/A	Teejay Lanka PLC	N/A
N/A	The Lanka Hospitals Corporation PLC	N/A
N/A	Tokyo Cement Company (Lanka) PLC	N/A
N/A	Trans Asia Hotels PLC	N/A
N/A	Union Assurance PLC	N/A
N/A	Union Bank of Colombo PLC	N/A
N/A	Vallibel Finance PLC	N/A
N/A	Vallibel One PLC	N/A
Average		4.43

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

Reporting on Procurement related to Government Contracts/Tenders



Reporting on Procurement related to Government Contracts/Tenders in Numbers

Of the 100 companies assessed, 21 companies had disclosed that they engage with the government, and have ongoing contracts with the government. Only one company publicly disclosed that it had a policy for bidding on government contracts and tenders, whilst 2 companies disclosed that there was a general bidding policy in place. It was encouraging to note that 6 of the 21 companies that had contracts with the government, disclosed the audited financial accounts for such contracts. However, of all the companies assessed, no company published the contracts that they had signed with the government.

1 company was Fully Transparent, namely John Keells Holdings PLC, having disclosed the existence of a policy for bidding on government contracts and explicitly setting out that the company did not have any contracts with the government at the time of the TRAC assessment. 6 companies were Moderately Transparent whilst the remaining companies were only Slightly Transparent. Whilst it is encouraging to note that some companies disclose their current contracts with local and/or foreign governments along with the audited financials, there is great space for improvement in this section.

Several companies raised noteworthy concerns in their feedback on the initial scores. The TRAC assessment does not require audited financials for the entire project to be disclosed. If the company has been contracted to complete only a component of a much larger project, TRAC assesses if the company has disclosed the audited financials of that particular component. Similarly, it is understood that some contracts may include stringent confidentiality clauses. In such instances, it is recommended that the company disclose that the contract cannot be published due to such confidentiality clauses or where possible redact confidential information and then publish the contract.

Suggested Reporting Best Practices for better corporate disclosure on Procurement Related to Government Contract/ Tenders

Best practice in reporting on procurement	John Keells Holdings PLC	Interim Condensed Financial Statements Six Months Ended 30 September 2022 pg. 28	<p>"12 Governance In furthering its governance and transparency practices, as routinely reviewed, the Group recorded its policy for bidding on contracts and tenders, which entails a standardised set of guidelines for bidding, including to those of local and foreign government and related bodies. The Company does not have any contracts with any local and foreign Governments and will disclose the same in its financial statements, in such an event."</p>
	Vallibel Power Erathna PLC	Annual Report 2021/22 pg. 124/55	<p>"The Group has entered into an SPPA with the CEB in order to sell energy output generated from the respective power projects. This agreement shall continue for a period of 15 years beginning on the commercial operations date. The commercial operations of each project started on 15th July 2004, 15 December 2011 and 14 February 2012 respectively. Further extension of this agreement will have to be agreed with the Ceylon Electricity Board after the expiry of the aforesaid 15 years. The extension of the SPPA of Erathna MHPP is already signed with the CEB for a 5 years period with the provision for an extension of up to 14th July 2039. The electricity units (also known as the energy output) generated are measured via the metering equipment (owned by the CEB) located at each power plant. The title of the energy output shall transfer to the CEB at the metering point upon substantially satisfying the specifications of the SPPA. The receipts are based on the applicable tariff specified in the SPPA. The CEB is required to settle the balance due of each invoice within 30 days from the billing date."</p>

Industry-wise Comparison

TRAC 2022 expanded the sample of companies from 74, to the top 100 public limited companies in Sri Lanka. Therefore, as with the previous TRAC report, an industry-wise categorization of corporate reporting practices was undertaken. 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.³⁵

Of the 22 industries represented in this assessment, no industry was Fully Transparent nor was any industry Significantly Transparent. The telecommunication services industry outranked all other industries for the second year in a row, with a score of 7.89. It must be noted that this score might be skewed as there are only 2 companies that belong to the telecommunications industry, in the current assessment. The banking industry ranked a close second with a score of 7.80, with 9 companies assessed this year being banks. The transportation industry, consumer services industry, insurance industry, retailing industry and consumer durables and apparel industry were also ranked as Moderately Transparent. The subsamples of the telecommunication services, insurance, retailing, and transportation industries are few in numbers with just 1 – 3 companies in each category, whilst the subsample for banks, consumer services and consumer durables and apparels, were slightly larger, with 5 – 9 companies in the respective industries. As a result of the varying subsample size, broader conclusions cannot be drawn. It is however encouraging, that the banking industry, which assessed 9 banks operating in Sri Lanka, is the second most transparent industry in their corporate reporting as it is expected that they operate to the highest standards of integrity and transparency. Independence, accountability and transparency is crucial in the banking sector as they deal extensively with public funds and assets, and therefore, have a higher duty of care towards the greater public. Registered Finance Companies stand in a similar position to banks, as they too accept deposits from the public. However, comparable disclosure was regrettably not seen in the diversified financials industry, which ought to demonstrate a similar commitment to transparency and integrity.

11 of the 22 industries are only Partially Transparent, namely, energy, utilities, diversified financials, food, beverage and tobacco, capital goods, materials, food and staples retailing, independent power producers and energy traders, application software, household and personal products, and the power and energy industry.

The real estate industry, investment banking and brokerage industry, property and casualty insurance industry, and the healthcare and services industries are only Slightly Transparent. Companies belonging to these industries are therefore encouraged to improve their corporate disclosure to remain on par with the disclosure practices of all other industries.

35. <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 Programme	Organisational Transparency	Domestic Financial Reporting	Gender and Non-Discrimination	Average	TRAC Score
1	Telecommunication Services	10.25	7.50	5.00	2.50	79%	7.89
2	Banks	10.56	5.31	4.83	3.00	78%	7.80
3	Transportation	8.00	6.50	5.00	4.00	73%	7.34
4	Consumer Services	7.30	5.63	4.80	2.80	67%	6.75
5	Insurance	7.33	8.00	5.00	2.33	67%	6.74
6	Retailing	6.25	4.75	5.00	3.00	64%	6.40
7	Consumer Durables & Apparel	6.10	5.20	4.60	2.00	60%	6.00
8	Capital Goods	5.50	6.38	4.38	2.58	59%	5.89
9	Food & Staples Retailing	5.75	5.00	4.75	2.50	56%	5.63
10	Energy	4.00	3.00	5.00	3.50	55%	5.54
11	Materials	4.11	4.71	4.72	2.11	50%	5.05
12	Food Beverage and Tobacco	4.44	3.63	4.53	1.94	50%	5.05
13	Utilities	2.00	7.00	4.75	1.50	48%	4.77
14	Diversified Financials	4.26	4.25	4.44	1.24	46%	4.60
15	Independent Power Producers & Energy Traders	3.00	5.00	5.00	1.00	44%	4.38
16	Application Software	1.00	3.00	5.00	3.00	43%	4.29
16	Household & Personal Products	1.00	3.00	5.00	3.00	43%	4.29
18	Power and Energy	1.50	4.00	5.00	1.00	41%	4.11
19	Investment Banking & Brokerage	1.50	N/A	4.50	3.00	38%	3.75
20	Real Estate	2.00	3.00	4.25	1.00	37%	3.71
21	Property & Casualty Insurance	2.00	N/A	4.00	0.00	26%	2.61
22	Healthcare Equipment & Services	1.50	2.67	3.13	0.00	24%	2.42

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

Feedback of Companies

The TRAC assessment faced several challenges when engaging with the companies it sought to assess. Despite numerous letters, emails and reminders, several companies did not provide feedback on their initial scores. This may be due to the company choosing not to engage with the TRAC assessment, or simply due to missed communication. Regardless of this challenge, the number of companies that engage with the TRAC assessment and provide feedback has steadily increased with each year.

This year, 39 companies provided feedback on the assessment. However, as one company unfortunately responded after the final deadline, the feedback provided could not be considered towards the final scoring. This indicates that 12 new companies provided feedback on the TRAC assessment this year, which is an improvement. TISL encourages all companies to actively engage with TRAC in the years to come, and to take this opportunity to provide feedback on their initial scoring. By engaging with TISL in this regard, several companies were able to amend their disclosures to better reflect their internal practices and thereby improve their overall final score.

One key observation was that several companies did not adequately recognise the TRAC assessment's approach of only reviewing publicly disclosed information. Therefore, several companies in providing feedback, referred TISL to internal policies and procedures which are not in the public domain. Whilst these companies are highly commended for their internal policies, such feedback unfortunately could not be considered towards revising the overall score of the company.

Reporting on Anti-Corruption Programmes

One of the most commonly received points of feedback, was in relation to the question on whether all employees and directors were trained on the code of conduct or anti-corruption programme. It was encouraging to note that several companies did provide their directors and employees with such training, however, this was not made clear in the disclosure itself. Likewise, several companies responded and stated that their code of conduct, did in fact include a policy on gifts, hospitality and entertainment which set out reporting mechanisms and value thresholds for acceptable gifts, but failed to publicly disclose this.

Another key area of feedback was in relation to two-way communication with whistle-blowers where some companies referred to communication channels which provided the employee with the opportunity to give the company feedback, as two-way communication. On the other hand, it was heartening to hear from companies that they had adopted holistic whistle-blower policies which had been disseminated across the company, which included effective two-way communication between the company and the whistle-blower. Such internal practices were not always reflected in the actual disclosure, and therefore, it was encouraging to see that the actual implementation across several companies was actually broader and better than what their public disclosures suggested.

Another point that became clear from the feedback, was that a number of companies did extend the applicability of their anti-corruption programmes to persons who were not employed by the company, but are authorised to act on its behalf, and to non-controlled persons as well (Question 05 and 06). One identified challenge in this regard was the variety of names and terms used by different companies to refer to such persons. Where some explicitly mention agents and suppliers, others refer to all parties in the value chain, or all stakeholders, business partners, partners and much more. Therefore, wherever a company clarified in its feedback, that such references included agents, representatives and non-controlled entities, their scores were revisited and revised, if applicable.

Organisational Transparency

Common feedback on the section on organisational transparency, was that the country of incorporation should be interpreted to include the country of operations as well. However, as companies may operate in countries outside of the country in which it is incorporated, companies were encouraged to separately disclose both the country of incorporation and country of operation.

Feedback was also received on the new question incorporated in to this section on beneficial ownership. It was highlighted by some companies, that the structure of the company may inherently result in there being no ultimate beneficial owner or controlling party that is a natural person. This feedback was greatly appreciated, and in such events, TISL encourages companies to disclose to the public that its shareholding structure is such, that it does not have an ultimate beneficial owner.

Country-By-Country Reporting

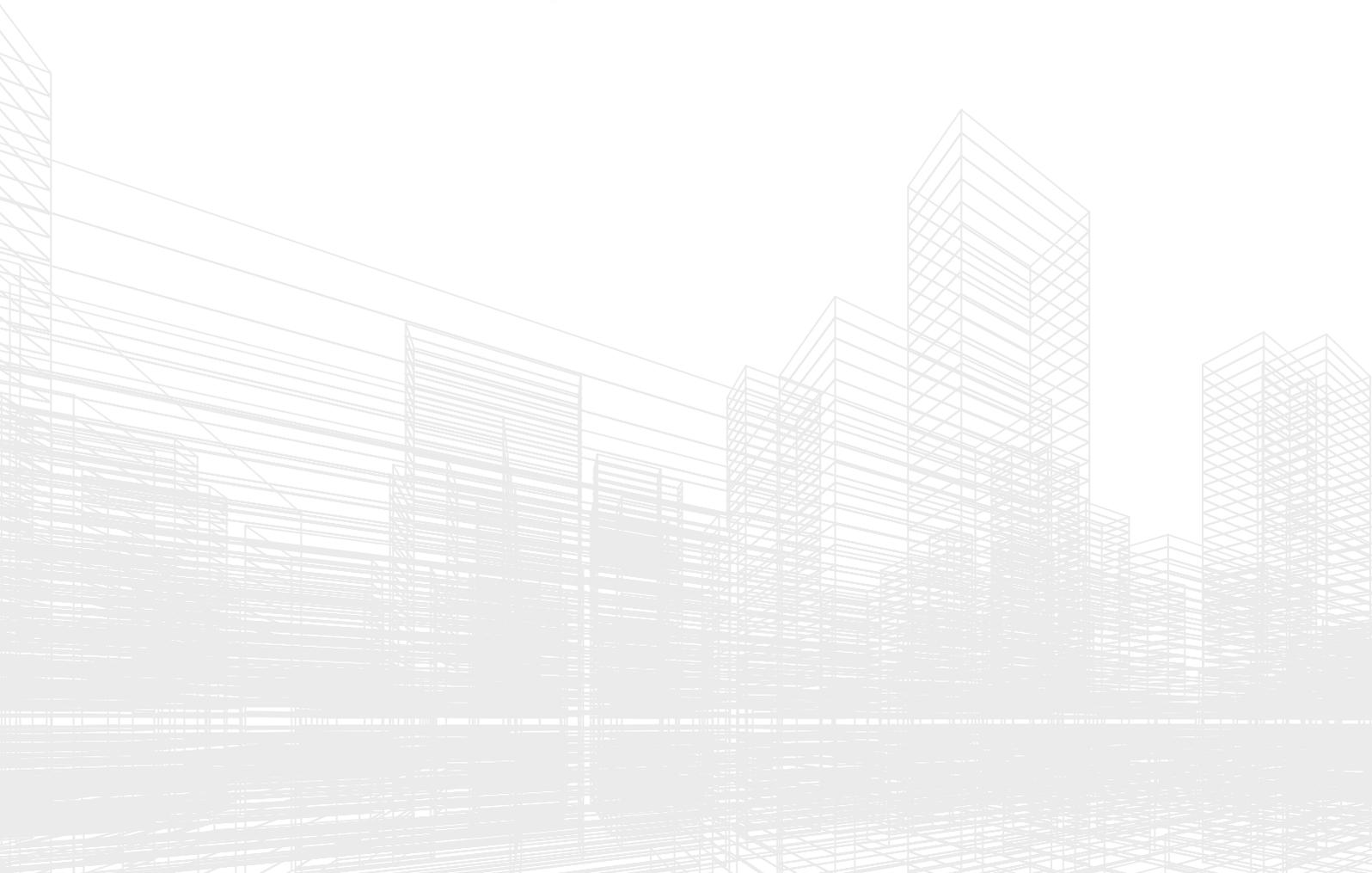
A common point of feedback on this section, was that the operations in some countries were too insignificant to be included separately in the audited financials. Companies stated that based on materiality, as the amounts were insignificant, such information was not explicitly disclosed as it is not required. However, TISL encourages companies to disclose the financial data for all countries of operation, regardless of materiality. If there is no spending on a particular indicator or very little spending, this too should be reported.

Reporting on Gender and Non-Discrimination

As with other sections, the most commonly received point of feedback, indicated that companies did in fact have stringent policies against sexual harassment in place, which prohibited harassment in any form. However, this was not clearly depicted in the disclosures made, as oftentimes, companies merely listed down their Human Resource Policies without any further elaboration. Similarly, many companies stated that they were equal opportunity employers, and that this was incorporated into the respective promotion and recruitment policies, though it was not specifically mentioned in their public disclosures. As TISL encourages direct disclosures, companies are henceforth encouraged to include specific disclosures regarding to the above.

Reporting on Procurement Related to Government Contracts/Tenders

A new section to the TRAC assessment, TISL is cognisant that there is always room for improvement and welcomes any and all feedback. Several companies came back with constructive feedback on this section. It was highlighted that a company's contract with the government may only encompass one component of a much larger project and therefore it would not be possible, not to mention unethical, for one company to disclose the financial data of the entire project. In such instances, it is advisable for companies to disclose the audited financials for the component handled by them. Some companies also raised concerns regarding confidentiality clauses which may be built in to the contract. In such an instance, it is recommended that confidential information be redacted, and the contract published thereafter, or that a disclosure be made stating that the contract cannot be published due to a binding confidentiality clause.



Recommendations

An abstract graphic consisting of a complex network of white lines on a dark blue background, resembling a wireframe or a stylized city skyline. The lines form various rectangular and polygonal shapes, creating a sense of depth and perspective. The overall effect is a modern, architectural aesthetic.

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. Reporting forces companies to reflect on their own practices and thereby drives improvements in policies and practices. Transparency can often lead to corrupt practices being deterred.

With a view to improving corporate reporting in Sri Lanka, the TRAC Assessment 2022 results lead to the following recommendations for companies;

1. Developing holistic anti-corruption policies and report on them publicly

Companies should develop, implement and make publicly available, high quality anti-corruption programmes, and comprehensively disclose the policies and mechanisms in place. Policies should be responsive to changes in both the internal and external operating environments of the company. In this regard, companies should publicly disclose an explicit commitment to zero-tolerance for corruption, and also disclose that their policy is regularly reviewed and amended as necessary to ensure its effectiveness. Such disclosure would provide the company's stakeholders with a clear signal of the company's commitment to transparency and accountability.

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

Whilst several companies disclosed that their anti-corruption programme or code of conduct which includes anti-corruption provisions, is applicable to all employees and directors, only a few companies disclosed if it extended to third parties outside of the company. The Code of Business Conduct and Ethics should also apply to agents and non-controlled entities such as suppliers. As agents and representatives act on behalf of the company, their actions directly impact the company's reputation and can expose the company to the risk of corruption. In acting for the company, agents, representatives and suppliers may also become conduits for bribes and as such, must be regulated by the code of conduct as well. 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.

3. Provide Training Programmes for All Directors and Staff

A good anti-corruption programme is only effective when it is well communicated and applicable to all levels, from the Board of Directors to management and employees. The best way to ensure that the anti-corruption programme or code of conduct is adequately disseminated across the company, is to train all members of staff including the board of directors, on the anti-corruption program. A few companies mentioned that both the board of directors and all employees were trained on the anti-corruption programme while other companies only mentioned that all employees were trained. Whilst training all employees on the anti-corruption programme is a sound first step, it is equally important that the board of directors and senior management also understand the system and set the tone from the top. Therefore, it is recommended that companies clearly disclose that both the directors and all employees are trained on the company's anti-corruption programme or code of conduct which also includes anti-corruption sections.

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

Many companies have adopted Codes of Business Conduct and Ethics that regulate the receiving and accepting of gifts. Some companies however, have not provided a value threshold as to what constitutes an “acceptable” gift, nor have they set out whether there is a reporting mechanism in place that employees must adhere to when receiving or giving a 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. Similarly, the company should inform the public of the existence of value thresholds and the existence of reporting mechanisms, in order to improve public confidence in the company. It is additionally recommended that companies maintain a gift registry, to document and maintain a clear record of gifts that have been received and declared.

5. Prohibiting Facilitation Payments

Companies should step up efforts to be more transparent and prohibit facilitation payments. At present, only 15 companies explicitly disclose that the company prohibits facilitation payments. 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. It also contributes to a climate that is conducive to large-scale public sector bribery and state theft. In this context, 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 that facilitation payments in any form are prohibited.

6. Establishing and Disclosing Two-Way Communication with Whistle-blowers

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 whistle-blower. It is likely that such communication channels do exist within the company and that the company does follow up with the whistle-blower where necessary, but this is often not reflected in their disclosures. Some companies disclose that their employees are provided with the opportunity to provide the company with feedback. This however, does not constitute two-way communication with a whistle-blower. Rather, two-way communication comprises the company taking steps to follow up with the whistle-blower and providing the whistle-blower with feedback on the progress of their complaint. Therefore, it is recommended that companies explicitly disclose that they conduct follow-ups with the whistle-blower and that there are communication lines open to enable two-way communication with the whistle-blower.

7. Prohibiting or Disclosing Political Contributions

Companies should develop clear policies regarding political contributions, either by explicitly prohibiting such contributions, or disclosing contributions when made. This policy should include both 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. Political contributions may take the form of a bribe, 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 should explicitly either prohibit political contributions or disclose the political contribution made.

8. Disclosing Beneficial Ownership

The disclosure of the ultimate beneficial owner of a company, who is a natural person, creates a clear link between the controlling party of the company and the company. Therefore, where companies do have natural persons who are the ultimate beneficial owners of the company, it is recommended that the company disclose such persons. In instances where company structures are too diffused to identify a single beneficial owner, it is recommended that the company disclose the structure of the company and specifically mention that it does not have a beneficial owner who is a natural person.

9. 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.

10. 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.

11. Publishing Financial Accounts for Each Country of Operation

Country-by-country reporting continued to be a weak area of disclosure in the TRAC assessment 2022. 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, companies should publish data on operating profit/loss, investments, tax payments and charitable contributions on a country-by-country basis. It was also observed that some companies, due to the nature of their business, disclosed financial data on foreign operations based on shipping lines, clustered data by regions or as an industry-wise analysis. While this is highly commended, specific disclosures pertaining to each country of operation is recommended for the future.

12. 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, particularly at the time of recruitment and promotion. 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.

13. Establishing and Disclosing Policies on Procurement Related to Government Contracts/Tenders

It is recommended that companies disclose that they have policies in place when bidding on government contracts and tenders. Similarly, companies are advised to disclose to the furthest possible extent, its current contracts with either local or foreign governments, publish the contract itself, and disclose audited financials for such contracts. Such disclosures would ensure that the company is Fully Transparent in all its dealings with the government and lend greater credibility to the company in the public's eyes. It is therefore, recommended that companies report to the public that they follow strict policies when bidding for government contracts/tenders, and disclose the nature of these contracts and the financial data of these contracts as well.

14. Engaging in Direct Disclosures

When providing feedback on the TRAC Assessment 2022, several companies that belonged to a group of companies referred TISL to the Annual Report or website of their parent company to establish their disclosure practices. The TRAC assessment assesses each company as an individual independent entity regardless of its group affiliations. Stakeholders and the general public cannot be expected to refer to multiple websites of other companies in order to receive information pertaining to the company's anti-corruption programmes. This is also not an effective means of disclosure as it is premised on the assumption that the general public is well aware of what the group's parent company is. 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, reporting on gender and non-discrimination and reporting on procurement related to government contracts/tenders.

15. Provide and/or Update Relevant Information on Websites

Company websites are one of the most popular ways for companies to communicate with stakeholders on a large scale. It is a popular communication method that is more user-friendly than a comprehensive annual report. Some companies also stated that the additional disclosures recommended by TISL may result in excessively long annual reports. It is therefore recommended that companies publish information regarding their anti-corruption programmes on their company website. Such publication will not only make it easier for stakeholders to view this information, but will also allow companies to publish such information without having to also publish lengthy annual reports.

To the Government, the Securities and Exchange Commission (SEC) and the Commission to Investigate Allegations of Bribery or Corruption (CIABOC);

1. 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. Such regulations should also emphasize the importance of an explicit and public statement of commitment to anti-corruption practices. Legislation – if vigorously enforced – can effectively raise the bar for corporate anti-corruption practices and is critical for incentivising companies to adopt stronger anti-bribery compliance measures.

2. Introducing Regulations on Country-by-Country Reporting

Government regulatory bodies should set a requirement for companies to supplement their accounting with country-by-country reporting on the company's sales, investments, tax payments, profit, and charitable contributions. TISL recommends that the requirements for country-by-country reporting should be introduced for all multinational companies.

3. Require Companies to Publicly Disclose their Corporate Structures

Companies are at present not required to disclose their corporate structures aside from disclosures pertaining to the top 20 shareholders of the company. Whilst this is a good starting point, the disclosure provided is often limited as it does not accurately reflect the corporate structure and beneficial ownership of the company. In terms of subsidiaries, companies also tend to only disclose information for subsidiaries in which they hold material investments. Therefore, companies should be required to publish an exhaustive list of all subsidiaries, and their related information such as the country

of incorporation, percentage of shares owned in the subsidiary, and the country of operation. On a similar note, companies should also be required to disclose their ultimate beneficial owner/s.

4. Strengthen the Proposed Anti-Corruption Bill

The proposed anti-corruption bill may be further strengthened to ensure that the private sector assigns resources towards the prevention of bribery and corruption. This may be achieved by the inclusion of a “failure to prevent” offence wherein a company may be held liable for failing to implement adequate procedures to prevent bribery. Such an inclusion will ensure that all companies take adequate measures to ensure that effective procedures are in place to prevent persons associated with the company from engaging in bribery and corruption. This will also reduce the regulatory and enforcement burden upon CIABOC.

To Investors;

1. Investors Should Lobby for Greater Transparency

Investors should demand greater transparency from companies they invest in. Institutional and private investors should require that the company report on anti-corruption programmes, organisational transparency and country-by-country reporting, in addition to domestic financial reporting, reporting on gender and non-discrimination, and reporting on procurement related to government contracts/tenders. Investors should require the public disclosure of such information in order to better facilitate more informed investment decisions. Investors should also focus on Environmental, Social, and Governance (ESG) investing as this is now being frequently used by socially conscious investors to screen potential investments. The Governance component of ESG investing deals with a company’s leadership, executive pay, audits, internal controls, and shareholder rights.³⁶ Therefore, TISL recommends that investors demand greater transparency from companies.

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 to 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.

36. <https://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp>

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.
- 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 01

List of Top 100 Public Limited Companies by Market Capitalisation as at 5th July 2021

Expolanka Holdings PLC	National Development Bank PLC
LOLC Holdings PLC	Central Finance Company PLC
John Keells Holdings PLC	Asian Hotels and Properties PLC
LOLC Finance PLC	Ambeon Holdings PLC
Ceylon Tobacco Company PLC	Hayleys Fabric PLC
Browns Investments PLC	People's Leasing & Finance PLC
Dialog Axiata PLC	The Lanka Hospitals Corporation PLC
Distilleries Company of Sri Lanka PLC	Kotmale Holdings PLC
Commercial Bank of Ceylon PLC	Citizens Development Business Finance PLC
Sri Lanka Telecom PLC	Harischandra Mills PLC
LOLC Development Finance PLC	Lanka Tiles PLC
Hayleys PLC	Aitken Spence Hotel Holdings PLC
Nestle Lanka PLC	CIC Holdings PLC
Carson Cumberbatch PLC	PGP Glass Ceylon PLC
Lanka IOC PLC	Singer (Sri Lanka) PLC
Melstacorp PLC	HNB Finance PLC
Ceylinco Insurance PLC	Access Engineering PLC
Lion Brewery (Ceylon) PLC	ACL Cables PLC
Cargills (Ceylon) PLC	Dialog Finance PLC
Vallibel One PLC	Trans Asia Hotels PLC
Hatton National Bank PLC	Nations Trust Bank PLC
Asiri Hospital Holdings PLC	Asiri Surgical Hospital PLC
Sampath Bank PLC	Mercantile Investments and Finance PLC
Senkadagala Finance Company PLC	Seylan Bank PLC
Aitken Spence PLC	Namunukula Plantations PLC
Bukit Darah PLC	Laugfs Gas PLC
C T Holdings PLC	LOLC General Insurance PLC
Softlogic Holdings PLC	Nawaloka Hospitals PLC
Richard Pieris and Company PLC	Ambeon Capital PLC
Teejay Lanka PLC	Amana Bank PLC
Royal Ceramics Lanka PLC	Indo-Malay PLC
Hemas Holdings PLC	Union Bank of Colombo PLC
Ceylon Cold Stores PLC	First Capital Treasuries PLC
Brown & Company PLC	Tokyo Cement Company (Lanka) PLC
LB Finance PLC	Good Hope PLC
Dilmah Ceylon Tea Company PLC	Richard Pieris Exports PLC
Windforce PLC	Malwatte Valley Plantation PLC
Softlogic Life Insurance PLC	Vidullanka PLC
Chevron Lubricants Lanka PLC	Vallibel Finance PLC
Watawala Plantations PLC	B P P L Holdings PLC
Overseas Realty (Ceylon) PLC	Commercial Credit and Finance PLC
Haycarb PLC	United Motors Lanka PLC
Union Assurance PLC	Eden Hotel Lanka PLC
Dipped Products PLC	Hsenid Business Solutions PLC
John Keells Hotels PLC	Vallibel Power Erathna PLC
DFCC Bank PLC	JAT Holdings PLC
Sunshine Holdings PLC	Shalimar (Malay) PLC.
Hela Apparel Holdings PLC	Ceylon Guardian Investment Trust PLC
Ceylon Beverage Holdings PLC	Alumex PLC
Lanka Walltiles PLC	Property Development PLC

Annex 02

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) If a company is a signatory of the UNGC and it explicitly underscores its commitment to the 10th principle of Anti-Corruption		
	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 of Anti-Corruption		
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 (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 (Chairperson/CEO/Member of the board of directors) demonstrate support for anti-corruption?		1.0	
	1.0 point	If the company leadership (Chairperson/CEO/Member of the board of directors) issues a personal statement* that specifically highlights the company's commitment to anti-corruption If the company leadership (Chairperson/CEO/Member of the board of directors) issues a personal letter of support for the company's code of conduct or equivalent and the code of conduct includes anti-corruption policies If the Board of Directors issues a general or joint statement that specifically highlights the company's commitment to anti-corruption or support for the company's code of conduct or equivalent and the code of conduct includes anti-corruption policies *Personal statements include the Director's Message, the CEO's message etc. or any statement signed by the Chairperson, CEO or a Member of the board of directors		
	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/s 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.		
	0.5 point	If the policy applies to all employees, but does not explicitly mention directors If the policy applies to directors, but does not explicitly mention all employees		
	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 require external entities that provide goods or services under contract (for example: contractors, subcontractors, suppliers) to abide by the company's anti-corruption programme or supplier code?	1.0		
	1.0 point	If both of the following two 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 or if a general due diligence is conducted and we can infer, that it includes anti-corruption policies, prior to engaging with them		
	0.5 point	If such persons/entities are only 'encouraged' to comply with the policy If only one of the two 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 If the company states in public documents that such a training programme is in place for directors, but not for employees If there is public information about a training programme for employees and directors on all ethical/integrity issues, and 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		
	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.			
	1.0 point	If the company has a policy regulating gifts, hospitality or expenses, and the policy includes both the following elements: 1. Either the offer or giving of such items 2. Receipt of such items		
	0.5 point	If the company has a policy, but only one of the two elements above are present		
	0 point	If a policy is mentioned, but there are no details about the policy If the company does not disclose that it has such policy		
9	Does the policy on gifts, hospitality or expenses include a definition of thresholds (descriptive or quoted as amounts) as well as procedures and reporting requirements?	1.0		
	1.0 point	The policy sets out a definition of thresholds (descriptive or quoted as amounts) and includes procedures and reporting requirements		
	0.5 point	The policy only sets out a definition of thresholds (descriptive or quoted as amounts) The policy only sets out procedures and reporting requirements		
	0 point	The policy does not define any threshold or procedures and reporting requirements If the policy on gifts is vague and states that gifts may not be accepted that could lead to decisions being influenced etc. If there is no mention of such policy		
	N/A	If the company prohibits the offer, giving and/or receipt of such items		

REPORTING ON ANTI-CORRUPTION PROGRAMMES			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
10	Is there a policy that explicitly prohibits facilitation payments?	1.0		
	'Facilitation payments' are payments made to expedite or to secure the performance of a routine governmental action, by an official, political party, or party official. "Facilitation payments are different from bribes in that they're offered or solicited in return for a service a person or a company is entitled to receive. In contrast, bribes are offered in return for undue and illegal advantage."			
	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		
11	Does the company provide a mechanism/channel through which employees can report suspected acts of corruption or breaches of anti-corruption policies, and does the mechanism/channel allow for confidential and/or anonymous reporting (whistle-blowing)?	1.0		
	1.0 point	If there is public provision of such a mechanism/channel in a form that assures full confidentiality and/or anonymity		
	0.5 point	If there is public provision of such a mechanism/channel, but there is no assurance of confidentiality and/or anonymity		
	0 point	If there is no mention of such mechanism/channel		
12	Does the whistle-blowing mechanism/channel enable employees and others to raise concerns and report suspected acts of corruption or breaches of anti-corruption policies without risk of reprisal?	1.0		
	1.0 point	If there is public provision that the mechanism/channel specifies that no employee will suffer demotion, penalty or any other form of reprisal for raising concerns or reporting violations (whistle-blowing)		
	0 point	If there is no explicit policy prohibiting such retaliation or reprisal		
13	Does the mechanism/channel provide for two-way communication with the whistle-blower for any needed follow-up on the concern/s raised?	1.0		
	1.0 point	If there is public provision that the mechanism/channel specifies that there is two-way communication with the whistle-blower for any needed follow-up on the concern/s raised		
	0 point	If two-way communication with the whistle-blower is not mentioned or assured		
14	Does the company carry out regular or continuous monitoring of its anti-corruption programme/policy to review its suitability, adequacy and effectiveness, and implement improvements as appropriate?	1.0		
	If the company reviews and monitors its anti-corruption programme/policy at least once a year, it would be considered as regular or continuous monitoring.			
	1.0 point	If there is public information on regular or continuous monitoring of the anti-corruption programme/policy, with specific reference to the review of its suitability, adequacy and effectiveness		
	0.5 point	If there is information on monitoring of the anti-corruption programme/policy, with specific reference to the review of its suitability, adequacy and effectiveness, but it is not a regular or continuous process If there is public information on regular or continuous monitoring of the anti-corruption programme/policy, without specific reference to the review of its suitability, adequacy and effectiveness		
	0 point	If there is only compliance-related monitoring in place without specific reference to the review of the programme/policy's suitability, adequacy and effectiveness If there is no mention of monitoring		

REPORTING ON ANTI-CORRUPTION PROGRAMMES			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
15	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		
	'Political contributions' refers to contributions of cash or in-kind support for a political party, cause or candidacy. Companies are not required to prohibit political contributions, but transparency in this field is required. Such transparency can be achieved by either publicly disclosing all contributions or by prohibiting them.			
	1.0 point	If a company either prohibits or publicly discloses its political contributions		
	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 and amounts are not made public) If a company's policy refers only to contributions by employees, but not to contributions by the company If political contributions are not regulated and/or disclosed		
TOTAL SCORE			15.0	
			100%	

ORGANISATIONAL TRANSPARENCY			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
16	Does the company disclose its ultimate beneficial owner/s? *	YES		
	The "beneficial owner" is a natural person who ultimately has controlling ownership or effective control of the company. The ultimate beneficial owner must be a natural person and cannot be a company, an organization or a legal arrangement.			
	*The score received for this question will not be considered towards the overall scoring and ranking of the companies			
	Yes	If the company discloses its ultimate beneficial owner/s		
No	If the company has not disclosed or mentioned its ultimate beneficial owner/s If the company has only disclosed the ultimate parent company			
17	Which of the following information does the company disclose for all of its fully consolidated subsidiaries?	the full list with names	1.0	
18		percentages owned in each of them	1.0	
19		countries of incorporation (for each entity) The place of incorporation is the principal address of the corporation in the state where it's incorporated/ registered.	1.0	
20		countries of operations (for each entity) A multinational corporation (MNC) is a company that has business operations in at least one country other than its home country. Countries in which it conducts business aside from the home country are considered to be countries of operations.	1.0	
Materiality is an accounting term – it allows to select certain items for companies' reports on the basis of their relative significance for the overall company business (usually measured as percentage of total revenues, or investment, or profit). The usage of materiality criterion considerably limits disclosure of company's holdings. TI recommends companies to disclose ALL of their holdings (subsidiaries, associates and joint-ventures), without limiting disclosure to the material entities.				
1.0 point		If there is a full list of such subsidiaries/percentages/countries/ beneficial owners		
0.5 point		If there is a list of only material, principal, significant or main subsidiaries/percentages/ countries/beneficial owners		
0 point		If there is only a list of domestic of subsidiaries/ percentages/countries/beneficial owners If there is no list of subsidiaries/ percentages/countries/beneficial owners		
N/A		If a company does not have any fully consolidated subsidiaries (the question will not be used to calculate the scores)		

ORGANISATIONAL TRANSPARENCY			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
21	Which of the following information does the company disclose for all of its non-fully consolidated holdings (consolidated by equity method or proportionally), such as associates, joint-ventures?	the full list with names	1.0	
22		percentages owned in each of them	1.0	
23		countries of incorporation (for each entity) The place of incorporation is the principal address of the corporation in the state where it's incorporated/ registered.	1.0	
24		countries of operations (for each entity) A multinational corporation (MNC) is a company that has business operations in at least one country other than its home country. Countries in which it conducts business aside from the home country are considered to be countries of operations.	1.0	
<p>Materiality is an accounting term – it allows to select certain items for companies' reports on the basis of their relative significance for the overall company business (usually measured as percentage of total revenues, or investment, or profit). The usage of materiality criterion considerably limits disclosure of company's holdings. TI recommends companies to disclose ALL of their holdings (subsidiaries, associates and joint-ventures), without limiting disclosure to the material entities.</p>				
	1.0 point	If there is a full list of such companies/ percentages/countries		
	0.5 point	If there is a list of material, principal, significant or main companies/ percentages/ countries		
	0 point	If there is no list of such companies / percentages/countries 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 / COUNTRY BY COUNTRY REPORTING (IF APPLICABLE)			COMPANY NAME	
			Sri Lanka / Country X	
No.	Questions	Max. points	Score	Source
25	Does the company disclose its revenue/sales in Sri Lanka?	1.0		
	1.0 point	If the company has disclosed its revenue/sales in Country X		
	0 point	If the company has not disclosed its revenue/sales in Country X		
26	Does the company disclose its capital expenditure in Country X?	1.0		
	1.0 point	If the company has disclosed its capital expenditure in Country X		
	0 point	If the company has not disclosed its capital expenditure in Country X		
27	Does the company disclose its pre-tax income in Country X?	1.0		
	1.0 point	If the company has disclosed its pre-tax income in Country X		
	0 point	If the company has not disclosed its pre-tax income in Country X		
28	Does the company disclose its income tax in Country X?	1.0		
	1.0 point	If the company has disclosed its income tax in Country X		
	0 point	If the company has not disclosed its income tax in Country X		
29	Does the Company disclose its community contribution (Corporate Social Responsibility programmes) in Country X?	1.0		
	1.0 point	If there is both the amount of community contributions/ Corporate Social Responsibility programmes 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 either only the amount of community contributions/ Corporate Social Responsibility programmes in country X or only a description of how money was spent in country X		
	0 point	If community contributions/Corporate Social Responsibility programmes are disclosed as total spending of the company, or not disclosed at all.		
	N/A	If a company declares that it makes no community contributions in Country X If there is no mention of community contributions or Corporate Social Responsibility programmes		
TOTAL SCORE		5.0		
		100%		

REPORTING ON GENDER AND NON-DISCRIMINATION			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
30	Does the company have an explicit publicly stated commitment against sexual harassment?	1.0		
	1.0 point	If there is an explicit statement of “zero tolerance towards sexual harassment or harassment” or equivalent (i.e., the commitment to fight any form of harassment in the workplace)		
	0 point	If there is no explicit statement against sexual harassment and there is no general statement against harassment		
31	Does the company have an explicit, publicly stated commitment to non-discrimination based on gender?	1.0		
	1.0 point	If there is an explicit commitment to non-discrimination on the basis of gender.		
	0 point	If there is no explicit commitment to non-discrimination on the basis of gender.		
32	Does the company adopt a gender inclusive/equal opportunity recruitment policy?	1.0		
	1.0 point	If there is an explicit commitment to non-discrimination on the basis of gender when recruiting new employees. If there is a general commitment to non-discrimination when recruiting new employees. If there is a general statement that the company is an “equal opportunity employer”. (A general reference to “non-discrimination/equal opportunity” shall be deemed to include non-discrimination on the basis of gender, even if it is not specifically mentioned.)		
	0 point	If there is no explicit reference to non-discrimination on the basis of gender at the time of recruiting new employees and there is no reference to non-discrimination at the time of recruiting new employees If there is a general commitment to non-discrimination but no specific mention of non-discrimination at the time of recruitment If there is no mention that the company is an “equal opportunity employer”		
33	Does the company adopt a gender inclusive promotion policy?	1.0		
	1.0 point	If there is an explicit commitment to non-discrimination on the basis of gender when promoting employees. If there is a general commitment to non-discrimination when promoting employees. (A general reference to “non-discrimination” shall be deemed to include non-discrimination on the basis of gender, even if it is not specifically mentioned.)		
	0 point	If there is no explicit reference to non-discrimination on the basis of gender when promoting employees and there is no reference to non-discrimination when promoting employees. If there is a general commitment to non-discrimination but no specific mention of non-discrimination at the time of promotion If there is a general statement that the company is an equal opportunity employer, but there is no specific mention of equal opportunity at the time of promotion		
TOTAL SCORE			4.0	
			100%	

REPORTING ON PROCUREMENT RELATED TO GOVERNMENT CONTRACTS/ TENDERS			COMPANY NAME	
			SRI LANKA	
No.	Questions	Max. points	Score	Source
34	Does the company have a policy for bidding on government contracts/tenders?	1.0		
	1.0 point	If there is an explicit statement of "zero tolerance towards sexual harassment or harassment" or equivalent (i.e., the commitment to fight any form of harassment in the workplace)		
	0.5 point	If there is a general policy for bidding on contracts and tenders but there is no specific mention of government contracts/tenders		
	0 point	If the company has stated that it does not have a policy for bidding on government contracts/tenders		
	N/A	If there is no mention of a policy for bidding on government contracts/tenders If the company has stated that it does not bid on government contracts/tenders		
35	Does the company disclose its current contracts with local and/or foreign governments?	1.0		
	1.0 point	If the company has publicly disclosed that it has contracts with local and/or foreign governments If the company has stated that it does not have any contracts with any local and/or foreign government		
	0 point	If the company has stated that it does not disclose its contracts with local and/or foreign governments		
	N/A	If there is no mention of the company having any contracts with local and/or foreign governments		
36	Does the company publish tendering and post award documents for government contracts and awarded tenders?	1.0		
	Tendering (including invitation and award): bidding/tender documents, technical specifications, qualification criteria, evaluation criteria, questions, award notice, evaluation reports, decisions on appeals, etc. Post-award (including contract and implementation): contract notice, information on litigations, progress reports, etc.			
	1.0 point	If the company has published tendering and post award documents for government contracts/tenders		
	0.5 point	If the company has published only tendering documents for government contracts/tenders If the company has published only post award documents for government contracts/tenders		
	0 point	If the company has stated that it has government contracts, but has not published tendering and post award documents		
N/A	If the company has stated that it does not have any government contracts/tenders If the company has not mentioned whether it has any government contracts/tenders			
37	Does the company disclose audited financial accounts for government contracts and awarded tenders?	1.0		
	1.0 point	If the company has published audited financial accounts for government contracts and awarded tenders		
	0.5 point	If the company has stated that it has government contracts, but has not published audited financial accounts for government contracts and awarded tenders		
	0 point	If the company has stated that it has no government contracts/tenders If the company has not mentioned whether it has any government contracts/tenders		
TOTAL SCORE			4.0	
			100%	

Annex 03 Amendments to the Codebook

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
REPORTING ON ANTI-CORRUPTION PROGRAMMES			
01.	Does the company have a publicly stated commitment to anti-corruption?	01.	Does the company have an explicit, publicly stated commitment to anti-corruption?
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)	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) If a company is a signatory of the UNGC and it explicitly underscores its commitment to the 10th principle of Anti-Corruption
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	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 of Anti-Corruption
02.	Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?	02.	Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?
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	1.0 point	If there is an explicit statement of such commitment (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	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
03.	Does the company leadership (senior member of management or board) demonstrate support for anti-corruption?	03.	Does the company leadership (Chairperson/ CEO/Member of the board of directors) demonstrate support for anti-corruption?
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	1.0 point	If the company leadership (Chairperson/ CEO/Member of the board of directors) issues a personal statement* that specifically highlights the company’s commitment to anti-corruption If the company leadership (Chairperson/CEO/ Member of the board of directors) issues a personal letter of support for the company’s code of conduct or equivalent and the code of conduct includes anti-corruption policies If the Board of Directors issues a general or joint statement that specifically highlights the company’s commitment to anti-corruption or support for the company’s code of conduct or equivalent and the code of conduct includes anti-corruption policies *Personal statements include the Director’s Message, the CEO’s message etc. or any statement signed by the Chairperson, CEO or a Member of the board of directors
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	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/s If there is no such statement

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
04.	Does the company's code of conduct / anti-corruption policy explicitly apply to all employees and directors?	04.	Does the company's code of conduct / anti-corruption policy explicitly apply to all employees and directors?
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	1.0 point	If the policy explicitly mentions that it applies to all employees and directors, regardless of their position in corporate hierarchy.
0.5 point	If the policy applies to all employees, but does not explicitly mention directors	0.5 point	If the policy applies to all employees, but does not explicitly mention directors If the policy applies to directors, but does not explicitly mention all employees
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	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
05.	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)?	05.	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 point	If such persons must comply with the policy	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	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
06.	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)?	06.	Does the company require external entities that provide goods or services under contract (for example: contractors, subcontractors, suppliers) to abide by the company's anti-corruption programme or supplier code?
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.	1.0 point	If both of the following two 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 or if a general due diligence is conducted and we can infer, that it includes anti-corruption policies, prior to engaging with them
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	0.5 point	If such persons/entities are only 'encouraged' to comply with the policy If only one of the two 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	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

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
07.	Does the company have in place an anti-corruption training programme for its employees and directors?	07.	Does the company have in place an anti-corruption training programme for its employees and directors?
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)	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	0.5 point	If the company states in public documents that such a training programme is in place for employees, but not for directors If the company states in public documents that such a training programme is in place for directors, but not for employees If there is public information about a training programme for employees and directors on all ethical/integrity issues, and we can infer, that it includes anti-corruption policies
0 point	If there is no public reference to such a training programme	0 point	If there is no public reference to such a training programme
08.	Does the company have a policy on gifts, hospitality and expenses?	08.	Does the company have a policy on gifts, hospitality and expenses?
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.	1.0 point	If the company has a policy regulating gifts, hospitality or expenses, and the policy includes both the following elements: 16. Either the offer or giving of such items 17. Receipt of such items
0.5 point	If some but not all of the elements enumerated above are present	0.5 point	If the company has a policy, but only one of the two elements above are present
0 point	If the company does not disclose that it has such policy	0 point	If a policy is mentioned, but there are no details about the policy If the company does not disclose that it has such policy
		09.	Does the policy on gifts, hospitality or expenses include a definition of thresholds (descriptive or quoted as amounts) as well as procedures and reporting requirements?
		1.0 point	The policy sets out a definition of thresholds (descriptive or quoted as amounts) and includes procedures and reporting requirements
		0.5 point	The policy only sets out a definition of thresholds (descriptive or quoted as amounts) The policy only sets out procedures and reporting requirements
		0 point	The policy does not define any threshold or procedures and reporting requirements If the policy on gifts is vague and states that gifts may not be accepted that could lead to decisions being influenced etc. If there is no mention of such policy
		N/A	If the company prohibits the offer, giving and/ or receipt of such items

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
09.	Is there a policy that explicitly prohibits facilitation payments?	10.	Is there a policy that explicitly prohibits facilitation payments?
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)	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	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
10.	Does the programme enable employees and others to raise concerns and report violations (of the programme) without risk of reprisal?	12.	Does the whistle-blowing mechanism/channel enable employees and others to raise concerns and report suspected acts of corruption or breaches of anti-corruption policies without risk of reprisal?
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)	1.0 point	If there is public provision that the mechanism/channel specifies that no employee will suffer demotion, penalty or any other form of reprisal for raising concerns or reporting violations (whistle-blowing)
0 point	If there is no explicit policy prohibiting such retaliation	0 point	If there is no explicit policy prohibiting such retaliation or reprisal
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)?	11.	Does the company provide a mechanism/channel through which employees can report suspected acts of corruption or breaches of anti-corruption policies, and does the mechanism/channel allow for confidential and/or anonymous reporting (whistle-blowing)?
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	1.0 point	If there is public provision of such a mechanism/channel in a form that assures full confidentiality and/or anonymity
0.5 point	If there is such a channel, but two-way communication with the whistle-blower is not assured	0.5 point	If there is public provision of such a mechanism/channel, but there is no assurance of confidentiality and/or anonymity
0 point	If there is no such channel or the channel allows for neither confidential, nor anonymous reporting	0 point	If there is no mention of such mechanism/channel
		13.	Does the mechanism/channel provide for two-way communication with the whistle-blower for any needed follow-up on the concern/s raised?
		1.0 point	If there is public provision that the mechanism/channel specifies that there is two-way communication with the whistle-blower for any needed follow-up on the concern/s raised
		0 point	If two-way communication with the whistle-blower is not mentioned or assured

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
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?	14.	Does the company carry out regular or continuous monitoring of its anti-corruption programme/policy to review its suitability, adequacy and effectiveness, and implement improvements as appropriate? If the company reviews and monitors its anti-corruption programme/policy at least once a year, it would be considered as regular or continuous monitoring
1.0 point	If there is public information on regular or continuous monitoring of the anti-corruption programme	1.0 point	If there is public information on regular or continuous monitoring of the anti-corruption programme/policy, with specific reference to the review of its suitability, adequacy and effectiveness
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	0.5 point	If there is information on monitoring of the anti-corruption programme/policy, with specific reference to the review of its suitability, adequacy and effectiveness, but it is not a regular or continuous process If there is public information on regular or continuous monitoring of the anti-corruption programme/policy, without specific reference to the review of its suitability, adequacy and effectiveness
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	0 point	If there is only compliance-related monitoring in place without specific reference to the review of the programme/policy's suitability, adequacy and effectiveness If there is no mention of monitoring
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?	15.	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 point	If a company either publicly discloses or prohibits its political contributions (in all its countries of operations)	1.0 point	If a company either prohibits or publicly discloses its political contributions
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	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 and amounts are not made public) If a company's policy refers only to contributions by employees, but not to contributions by the company If political contributions are not regulated and/or disclosed

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
ORGANISATIONAL TRANSPARENCY			
		16.	Does the company disclose its ultimate beneficial owner/s? * *The "beneficial owner" is a natural person who ultimately has controlling ownership or effective control of the company. The ultimate beneficial owner must be a natural person and cannot be a company, an organization or a legal arrangement.
		Yes	If the company discloses its ultimate beneficial owner/s
		No	If the company has not disclosed or mentioned its ultimate beneficial owner/s If the company has only disclosed the ultimate parent company
Which of the following information does the company disclose for all of its fully consolidated subsidiaries			
14.	the full list with names	17.	the full list with names
15.	percentages owned in each of them	18.	percentages owned in each of them
16.	countries of incorporation (for each entity)	19.	countries of incorporation (for each entity) The place of incorporation is the principal address of the corporation in the state where it's incorporated/registered.
17.	countries of operations (for each entity)	20.	countries of operations (for each entity) A multinational corporation (MNC) is a company that has business operations in at least one country other than its home country. Countries in which it conducts business aside from the home country are considered to be countries of operations.
1.0 point	If there is a full list of such subsidiaries	1.0 point	If there is a full list of such subsidiaries/ percentages/countries/ beneficial owners
0.5 point	If there is a list of material/ principal/ significant/ main subsidiaries	0.5 point	If there is a list of only material, principal, significant or main subsidiaries/percentages/ countries/beneficial owners
0 point	If there is no list of subsidiaries If there is only a list of domestic or other incomplete list of subsidiaries	0 point	If there is only a list of domestic of subsidiaries/ percentages/countries/ beneficial owners If there is no list of subsidiaries/ percentages/ countries/beneficial owners
		N/A	If a company does not have any fully consolidated subsidiaries (the question will not be used to calculate the scores)
Which of the following information does the company disclose for all of its non-fully consolidated holdings, such as associates, joint-ventures			
18.	the full list with names	21.	the full list with names
19.	percentages owned in each of them	22.	percentages owned in each of them
20.	countries of incorporation (for each entity)	23.	countries of incorporation (for each entity) The place of incorporation is the principal address of the corporation in the state where it's incorporated/registered.
21.	countries of operations (for each entity)	24.	countries of operations (for each entity) A multinational corporation (MNC) is a company that has business operations in at least one country other than its home country. Countries in which it conducts business aside from the home country are considered to be countries of operations.

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
1.0 point	If there is a full list of such companies	1.0 point	If there is a full list of such companies/ percentages/countries
0.5 point	If there is a list of material/ principal/ significant/ main companies	0.5 point	If there is a list of material, principal, significant or main companies/ percentages/countries
0 point	If there is no list of such companies If there is only a list of domestic entities or other incomplete information	0 point	If there is no list of such companies / percentages/countries 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)	N/A	If a company does not have any non-fully consolidated entities (the question will not be used to calculate the scores)
DOMESTIC FINANCIAL REPORTING/ COUNTRY BY COUNTRY REPORTING			
22.	Does the company disclose its revenue/sales in Country X?	25.	Does the company disclose its revenue/sales in Country X?
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	1.0 point	If the company has disclosed its revenue/ sales in 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) 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	0 point	If the company has not disclosed its revenue/ sales in Country X
23.	Does the company disclose its capital expenditure in Country X?	26.	Does the company disclose its capital expenditure in Country X?
1.0 point	If a company discloses its capital expenditure for country X	1.0 point	If the company has disclosed its capital expenditure in 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	0 point	If the company has not disclosed its capital expenditure in Country X
24.	Does the company disclose its pre-tax income in Country X?	27.	Does the company disclose its pre-tax income in Country X?
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)	1.0 point	If the company has disclosed its pre-tax income in 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 pre-tax income is disclosed by region, business segment. as total only or not reported at all	0 point	If the company has not disclosed its pre-tax income in Country X

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
25.	Does the company disclose its income tax in Country X	28.	Does the company disclose its income tax in Country X
1.0 point	If a company discloses its income tax for country X	1.0 point	If the company has disclosed its income tax in 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	0 point	If the company has not disclosed its income tax in Country X
26.	Does the Company disclose its community contribution in Country X?	29.	Does the Company disclose its community contribution (Corporate Social Responsibility programmes) in Country X?
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)	1.0 point	If there is both the amount of community contributions/ Corporate Social Responsibility programmes 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) If the company has stated that it has made no monetary contributions, but has provided a description of community contributions in the form of services or kind
0.5 point	If there is only the amount of community contributions in country X	0.5 point	If there is either only the amount of community contributions/ Corporate Social Responsibility programmes in country X or only a description of how money was spent 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	0 point	If community contributions/Corporate Social Responsibility programmes are disclosed as total spending of the company, or if the company has mentioned that it conducted community contributions/corporate social responsibility programmes has not disclosed the description or amount of such contributions.
		N/A	If a company declares that it makes no community contributions in Country X If there is no mention of community contributions or Corporate Social Responsibility programmes
REPORTING ON GENDER AND NON-DISCRIMINATION			
27.	Does the company have a publicly stated policy against sexual harassment?	30.	Does the company have an explicit publicly stated commitment against sexual harassment?
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)	1.0 point	If there is an explicit statement of "zero tolerance towards 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	0 point	If there is no explicit statement against sexual harassment and there is no general statement against harassment

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
28.	Does the company adopt a gender inclusive/ equal opportunity recruitment policy?	32.	Does the company adopt a gender inclusive/ equal opportunity recruitment policy?
Yes	If there is an explicit statement of a commitment to non-discrimination on the basis of gender when recruiting new employees If there is a general statement of a commitment to non-discrimination when recruiting new employees	1.0 point	If there is an explicit commitment to non- discrimination on the basis of gender when recruiting new employees. If there is a general commitment to non-discrimination when recruiting new employees. If there is a general statement that the company is an "equal opportunity employer". (A general reference to "non-discrimination/ equal opportunity" shall be deemed to include non-discrimination on the basis of gender, even if it is not specifically mentioned.)
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	0 point	If there is no explicit reference to non- discrimination on the basis of gender at the time of recruiting new employees and there is no reference to non-discrimination at the time of recruiting new employees If there is a general commitment to non- discrimination but no specific mention of non- discrimination at the time of recruitment If there is no mention that the company is an "equal opportunity employer"
29.	Does the company adopt a gender inclusive/ equal opportunity promotion policy?	33.	Does the company adopt a gender inclusive promotion policy?
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	1.0 point	If there is an explicit commitment to non- discrimination on the basis of gender when promoting employees. If there is a general commitment to non- discrimination when promoting employees. (A general reference to "non-discrimination" shall be deemed to include non- discrimination on the basis of gender, even if it is not specifically mentioned.)
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	0 point	If there is no explicit reference to non- discrimination on the basis of gender when promoting employees and there is no reference to non-discrimination when promoting employees. If there is a general commitment to non- discrimination but no specific mention of non- discrimination at the time of promotion If there is a general statement that the company is an equal opportunity employer, but there is no specific mention of equal opportunity at the time of promotion
30.	Does the company have a publicly stated commitment to non-discrimination based on gender?	31.	Does the company have an explicit, publicly stated commitment to non-discrimination based on gender?
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	1.0 point	If there is an explicit commitment to non- discrimination on the basis of gender.
No	If there is no explicit statement of a commitment to non-discrimination or non- discrimination on the basis of gender	0 point	If there is no explicit commitment to non- discrimination on the basis of gender.

Codebook 2021		Codebook 2022	
Q. No.	Question	Q. No.	Question
REPORTING ON PROCUREMENT RELATED TO GOVERNMENT CONTRACTS/TENDERS			
		34.	Does the company have a policy for bidding on government contracts/tenders?
		1.0 point	If there is public provision of a policy for bidding on government contracts/tenders
		0.5 point	If there is a general policy for bidding on contracts and tenders but there is no specific mention of government contracts/tenders
		0 point	If the company has stated that it does not have a policy for bidding on government contracts/tenders
		N/A	If there is no mention of a policy for bidding on government contracts/tenders If the company has stated that it does not bid on government contracts/tenders
		35.	Does the company disclose its current contracts with local and/or foreign governments?
		1.0 point	If the company has publicly disclosed that it has contracts with local and/or foreign governments If the company has stated that it does not have any contracts with any local and/or foreign government
		0 point	If the company has stated that it does not disclose its contracts with local and/or foreign governments
		N/A	If there is no mention of the company having any contracts with local and/or foreign governments
		36.	Does the company publish tendering and post award documents for government contracts and awarded tenders? Tendering (including invitation and award): bidding/tender documents, technical specifications, qualification criteria, evaluation criteria, questions, award notice, evaluation reports, decisions on appeals, etc. Post-award (including contract and implementation): contract notice, information on litigations, progress reports, etc.
		1.0 point	If the company has published tendering and post award documents for government contracts/tenders
		0.5 point	If the company has published only tendering documents for government contracts/tenders If the company has published only post award documents for government contracts/tenders
		0 point	If the company has stated that it has government contracts, but has not published tendering and post award documents
		N/A	If the company has stated that it does not have any government contracts/tenders If the company has not mentioned whether it has any government contracts/tenders
		37.	Does the company disclose audited financial accounts for government contracts and awarded tenders?
		1.0 point	If the company has published audited financial accounts for government contracts and awarded tenders
		0 point	If the company has stated that it has government contracts, but has not published audited financial accounts for government contracts and awarded tenders
		N/A	If the company has stated that it has no government contracts/tenders If the company has not mentioned whether it has any government contracts/tenders

Annex 04

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
<u>EVALUATED AREAS:</u>							
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.

NOTES

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