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Improving Corporate Governance Law in Sri Lanka: A Comparative Analysis with South Africa

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Fostering investor trust, accountability, and transparency depend on effective corporate governance. The Companies Act No. 07 of 2007 and the Code of Best Practice, which serve as the foundation of Sri Lanka's existing framework, expose serious flaws in board independence, integrated reporting, and regulatory enforcement, endangering the country's capacity to practice effective governance and maintain economic stability. Conversely, the governance framework of South Africa, as delineated by the Companies Act 71 of 2008 and the King IV Report, epitomizes optimal methodologies through its obligatory independence of the board, all-encompassing integrated reporting, and resilient enforcement measures. According to this analysis, implementing South Africa's norms could help with Sri Lanka's governance problems. A majority of independent directors should be required, financial and non-financial reporting should be integrated, ethical standards should be strengthened, mandatory Corporate Social Responsibility (CSR) initiatives should be put in place, and regulatory enforcement should be improved, among other suggested changes. The study plays a crucial role in directing legislative and regulatory reforms in Sri Lanka that seek to strengthen governance effectiveness and economic stability, which in turn promotes sustainable growth and increases investor confidence.

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