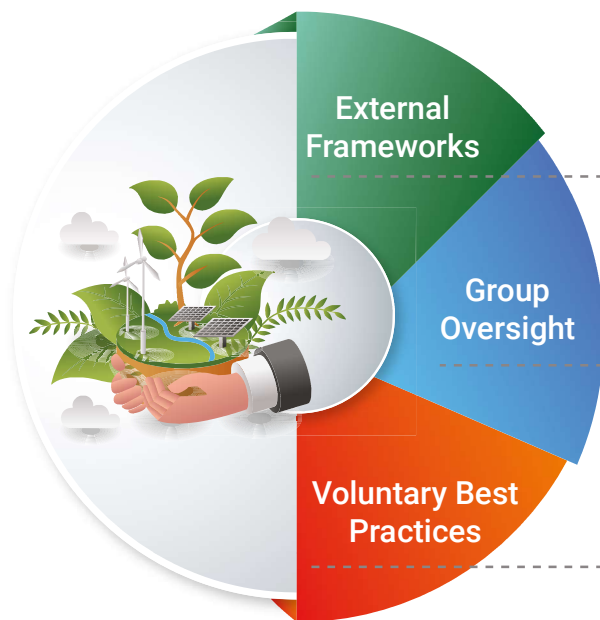


CORPORATE GOVERNANCE

GRI 2-9

As a listed Company and part of the Hayleys conglomerate, HPL's Corporate Governance processes supersedes Regulatory Compliance, and encompasses ethical management of both financial and non-financial aspects of its business operations.

GROUP OVERSIGHT



HPL complies with the Companies Act 2007, Colombo Stock Exchange Listing Rules and compliance with the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

As a member of the Hayleys Group, additional oversight mechanisms include reviews by the Hayleys Group Management Committee, as well as the Hayleys Board, in addition to HPL's Board and internal systems.

As a signatory to the UNGC, and by adopting the UNSDGs, HPL is committed to the UNGC Corporate Governance Model of enhancing good governance by integrating Corporate Sustainability Principles into our operations and relationships, allowing for greater transparency, accountability and inclusiveness.

CORPORATE GOVERNANCE IMPROVEMENTS 2023/24

Board and Committees

- The Company established its own Nominations and Governance Committee
- Appointment of Senior Independent Director
- Establishment of an ESG Steering Committee with Board Representation (Director/CEO)

Policy Frameworks

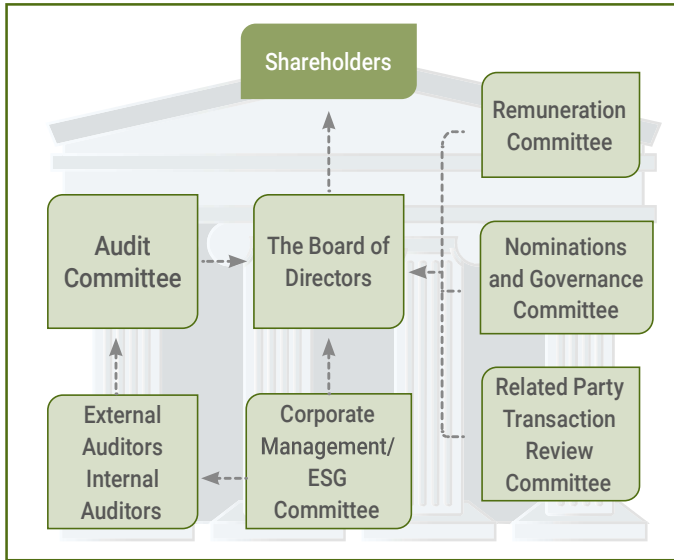
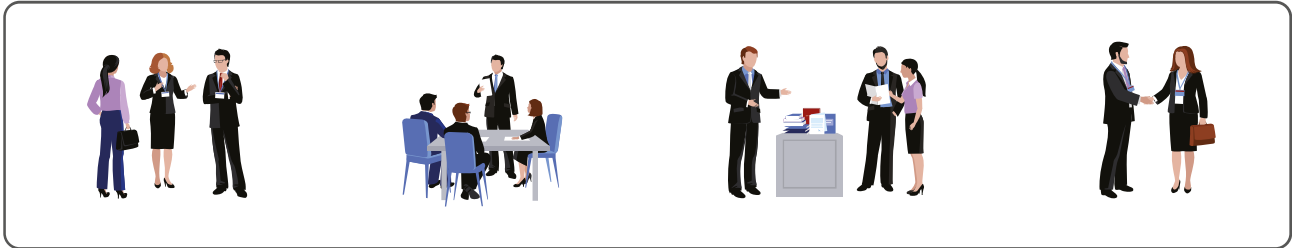
- Shareholder and Investor Communications Policy
- 'Hayleys Way' - Ethical roadmap for all employees
- 'Hayleys Lifecode' – ESG related Policy

DIPPED PRODUCTS PLC

DPL PLANTATIONS
(PRIVATE) LIMITED

HAYLEYS PLANTATION
SERVICES (PRIVATE) LIMITED

HORANA
PLANTATIONS PLC



VOLUNTARY BEST PRACTICES

- Integrated Reporting Framework issued by the International Integrating Reporting Council (IIRC)
- GRI Standards for Sustainability reporting issued by the Global Reporting Initiative
- UNGC
- Climate Neutral Now
- Forest Stewardship Council Certification
- Rainforest Alliance Certification
- Ethical Tea Partnership Certification
- Eco Label Certification
- GHG Inventory Verification - ISO 14064-1:2018
- Fairtrade Certification
- Committed to Science Based Targets

EXTERNAL FRAMEWORKS

- Companies Act No 07 of 2007
- Rules and Directive of Securities and Exchange Commission of Sri Lanka
- Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka
- Listing Rules – Colombo Stock Exchange
- Sri Lanka Accounting and Auditing Standard Act No.15 of 1995
- Wages Board Ordinance
- EPF Act
- ETF Act
- Payment of Gratuity Act
- Inland Revenue (Amendment) Act No. 45 of 2022

GOVERNING BODIES

- Central Environmental Authority
- Geological and Mines Bureau
- National Building Research Organisation
- Ministry of Plantations
- Sri Lanka Tea Board
- Tea Research Institute
- Rubber Development Authority
- Rubber Research Institute
- Coconut Development Authority
- Coconut Research Institute

Risk Management

Sound Internal Control System

INTERNAL FRAMEWORKS

- Articles of Association
- Board Charter
- TOR of Committees
- Board approved Operational Policies
- Code of Conduct
- Ethics Policies

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

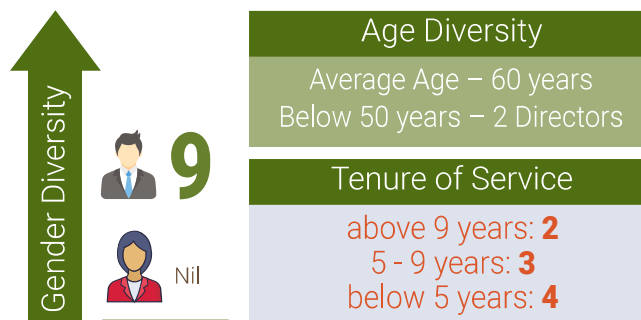
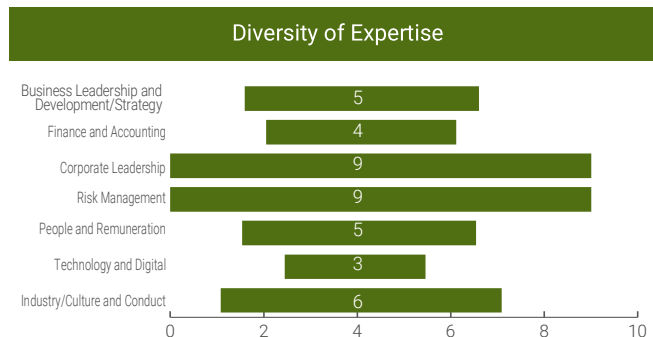
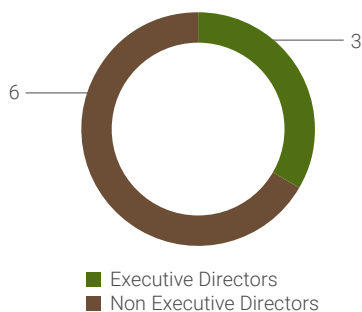
The Board of Directors is the highest governing body of the Company, constituted by the shareholders for overseeing HPLs overall functioning. The Board provides oversight for the Company's strategic direction in order to ensure that shareholders' long-term interests are being served.

GRI 2-9 (a)

COMPOSITION OF THE BOARD

HPLs Board comprises the correct balance of individuals whose capabilities are appropriate for the scale, complexity and strategic positioning of the business. To ensure no one individual or group of individuals is able to dominate the decision-taking process, the current HPL Board is well balanced with 03 Executive Directors, 03 Non-Executive Directors, 02 Independent Non-Executive Directors and 01 Senior Independent Director. Collectively they bring a strong and in-depth mix of business skills and experience and considerable knowledge to assist with Board decisions. Complete Board Profiles are available on pages 22 to 23.

Board Composition



INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Independence of Directors is determined by the Board based on annual declarations submitted by the Non-Executive Directors in accordance with the Listing Rules of the Colombo Stock Exchange. Directors are able to exercise their independent judgement as they do not participate in day-to-day management nor have any business relationships with the Company.

In terms of Rule 9.6.3. of the CSE Listing Rules, the Company has appointed Mr. T A B Speldewinde as the Senior Independent Director with effect from 01st November 2023 since the Chairman is an Executive Director.

Status of Mr. A N Wickremasinghe who was an Independent Non-Executive Director of the Company changed to be in comply with Rule 9.8.3. of CSE Listing Rules. Mr. A N Wickremasinghe is now a Non-Executive Director of the Company.

In accordance with Rule 9.8.5. (a) of the Colombo Stock Exchange (CSE) Listing Rules, Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9A.

The Board obtains expert professional advice as and when necessary with the assistance of the Company Secretaries.

Annual assessment of Board composition/Re-election

An annual self evaluation is carried out by the Board to ensure diversity of expertise and effectiveness of the Board composition.

One third (1/3rd) of the Directors except the Managing Director retire by rotation and come up for re appointment by the shareholders at the AGM. Profiles of the Directors are provided to shareholders to make informed decisions.

Any resignations or new appointments to the Board are informed to the shareholders by the Company Secretaries through the Colombo Stock Exchange. In relation to appointments, a brief resume of the Director will also be included in the announcement. All new directors are subject to re-elected by the shareholders at the next AGM.

GRI 2-10

Nomination and selection of the Board and Committees

The Board is constituted by the shareholders to oversee HPL's overall functioning and to ensure that shareholders' long-term interests are being served. The Company established its own Nominations and Governance Committee in compliance with Rule 9.11 of the CSE Listing Rules on 13th May 2024.

ROLE OF THE BOARD

As the main governing body within the Company, the Board formulates HPL's vision, mission, values and strategy and provides oversight and direction to ensure that the management and all employees work towards the Company's vision.

Matters Reserved for Board Approval

- Reviewing and approving the Company's strategic plan, including medium-term and short-term plans.
- Reviewing and approving the Company's annual budgets.
- Reviewing the Company's performance vis-a-vis strategy, objectives, business plans and budgets and assessing HPL's viability and ability to continue as a going concern.
- Approval of capital expenditure, including annual approval of annual capital expenditure budgets and any material changes to the policy on capital expenditure.
- Review and approval of the Company's risk appetite.
- Approval of acquisitions, disposals and other transactions outside delegated limits.
- Appointment and removal of Directors.
- Dividend policy, including annual review of the dividend policy and declaration of the interim dividend and recommendation of the final dividend.
- Approval of Shareholder documentation, including approval of resolutions and corresponding documentation to be put to the shareholders and approval of all press releases concerning matters decided by the Board.
- Approval of all regulatory filings.
- Review and approval of the Terms of Reference (TOR) and membership of Board Committees.
- Reviewing and updating the Corporate Governance framework, including business and operational policies.

Board Responsibilities

The HPL Board is responsible for ensuring that laws and regulations applicable to the Company are being complied with and that HPL's operations are conducted in line with good governance best practices at all times.

The Board is also the ultimate authority responsible for managing risks by determining the Company's risk profile and risk appetite limits in line with the corporate strategy.

The Board is further responsible for maintaining a proper mechanism for financial reporting to present a fair and balanced view of the Company's financial position, performance and prospects. The Board seeks to uphold the shareholders

right information through the timely publication of quarterly and annual results to enable stakeholders to make informed decisions. Quarterly financials are uploaded to the CSE website on or before the stipulated dates, while HPL's annual report containing both financial and non-financial information, including the Company's sustainability performance, is uploaded to the CSE and published on the corporate website www.horanaplantations.com.

All financial related publications are first reviewed by the Board Audit committee and then submitted for Board approval prior to being released publicly. The Board exercises its duty to shareholders by convening the Annual General Meeting, to provide them with the opportunity to address their queries or concerns with any member of the HPL Board or the Company's Corporate Management Team.

Assurance regarding the efficacy of the Company's financial reporting frameworks is placed under the stewardship of the Board Audit Committee.

As the highest governing body within the company, the HPL Board is also accountable for implementing all reasonable measures to protect the Company's data assets.

The Board is further responsible for ensuring that the Company has adequate human resources and that these human resources are skilled and competent enough to achieve HPL's strategic objectives. At the same time, the Board is charged with setting the tone from the top for promoting good behavior and strong business ethics at all levels of the business.

CORPORATE GOVERNANCE

GRI 2-12

The HPL Board's role on ESG

- Reviewing and approving the Company's sustainable development strategies and plans, including medium-term and short-term plans.
- Reviewing and approving the Company's annual sustainability related budgets.
- Monitoring and reviewing the Company's progress towards sustainability and environment related objectives.
- Approval of capital expenditure, including annual approval of annual capital expenditure budgets and any material changes to the policy on capital expenditure.
- Review and approval of the Company's risk appetite.
- Approval of acquisitions, disposals and other transactions outside delegated limits.

GRI 2-18 Appraisal of Board Performance

The Board annually appraise their own performance and its sub-committee's performance in order to ensure that Board and sub-committee's responsibilities are satisfactorily discharged. A "Board Performance Evaluation Checklist" has been used for undertake an annual self-evaluation of the Chairman, Non-Executive Directors and Executive Directors including Chief Executive Officer, during the year.

The annual self evaluation is carried out by each Director and the collective outcome is made available to the Nominations and Governance Committee. The Nominations and Governance Committee consider the results and makes recommendations to improve the balance of skill, experience,

industry and company knowledge training of Directors where necessary.

GRI 2-11

Chair of the Board

GRI 2-11(a)

The Chairman of the Board is an executive.

In terms of Rule 9.6.3. of the CSE Listing Rules, the Company has appointed Mr. T A B Speldewinde as the Senior Independent Director with effect from 01st November 2023 since the Chairman is an Executive Director.

GRI 2-11(b)

Division of responsibilities between the Chairman and the Managing Director / CEO

The roles of Chairman of the Board and that of HPL's Managing Director are distinct and different, with the division of responsibilities between these roles clearly established. The Chairman is the head of the HPL Board, while the Managing Director operates under the authority granted by the Board.

The Chairman ensure the following:

- Approving the agenda for each meeting prepared in consultation with the Managing Director and the Company Secretary taking in to consideration matters relating to strategy, performance, resource allocation, risk management and compliance.
- Sufficiently detailed information of matters included in the agenda should be provided to the Directors in a timely manner.
- Ensuring that all Directors are aware of their duties and responsibilities.
- All Directors are encouraged to make an effective contribution, within their

respective capabilities for the benefit of the Company.

- All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusions of matters of corporate concern on the agenda.
- Maintaining the balance of power between Executive and Non-Executive Directors.
- The view of Directors on issues under consideration are ascertained.
- Ensuring that the Board is in complete control of the company's affairs and alert to its obligations to all shareholders and other stakeholders.

RESPONSIBILITY OF INDIVIDUAL DIRECTORS

All Directors on the HPL Board are required to always work in the best interest of the Company at all times. They are expected to take great care when exercising their powers and always act in good faith to prevent any conflict between their other interests and the interests of the Company.

Further, the Company requires Non-Executive Directors and all Independent Non-Executive Directors to submit a signed declaration disclosing any related party involvements that could substantively interfere with the exercise of their unfettered and independent judgment.

Moreover, an affected Director is expected to recuse himself/herself from participating in any meetings where the item in which he/she has an interest is being discussed.

GRI 2-17 INDUCTION OF AND TRAINING FOR DIRECTORS

At the time of appointing a Director, a formal Letter of Appointment is given to him / her, which explains the role, function, duties and responsibilities of a Director of the Company. The Director also receives a detailed explanation regarding the duties and responsibilities of Directors as outlined by the Companies Act No 07 of 2007, Securities and Exchange Commission of Sri Lanka and other relevant Regulations.

Additionally, new Directors are provided with the requisite documents and reports to enable them to familiarize with the Company's performance and practices.

Throughout their tenure, all HPL Directors are encouraged to undertake training as part of their continuous professional development.

BOARD MEETINGS

HPL's Board of Directors meets quarterly to discuss and decide on business strategies / policies and review the financial and operational performance of the Company.

Board meetings are scheduled as per the annual meeting calendar prepared by the Company Secretary in consultation with the Chairman. The meeting calendar is prepared annually in advance and communicated to all Board members.

The agenda for each Board meeting is set by the Chairman with advice from the Company Secretary. Prior to each Board meeting, the Company Secretary ensures that the relevant board papers containing the agenda and other reference material is made available to all Directors, at least 7 days prior to the meeting.

It is mandatory for all Directors to attend Board Meetings and actively participate in

all matters outlined under the agenda. Directors are allowed to make a written request to the Chairman requesting any additional matters to be included in the agenda.

Directors are expected to prepare for each meeting and in doing so are given access to the Company's Corporate Management to obtain information or clarifications. They also have the right to seek independent professional advice. Members of the Corporate Management may also be invited to attend meetings to address specific agenda items.

The Directors who are unable to attend the meetings are required to inform the Chairman in writing stating appropriate reasons. Directors not present at Board Meetings are updated through the documented minutes.

The Company Secretary is required to maintain minutes of every Board meeting. Minutes are circulated among the Directors and other members of Corporate Management who were present at the particular meeting.

ATTENDANCE AT BOARD METINGS

	Name of the Director	Status	Attendance
1	Mr. A M Pandithage	E	4/4
2	Dr. Roshan Rajadurai	E	4/4
3	Mr. S C Ganegoda	NED	4/4
4	Mr. K D G Gunaratne	INED	4/4
5	Mr. J A Rodrigo	E	4/4
6	Mr. A N Wickremasinghe	NED	4/4
7	Mr. S M Liyanage	NED	4/4
8	Mr. T A B Speldewinde (appointed on 11.08.2023)	SID	3/3
9	Mr. M C B Talwatte (appointed on 03.01.2024)	INED	2/2
10	Mr. J M J Perera (resigned w.e.f. 31.12.2023)	INED	2/2

E - Executive NED - Non-Executive INED - Independent Non-Executive SID - Senior Independent

Meetings with Executive Directors and Non Executive Directors by the Senior Independent Director

The Senior Independent Director held a meeting with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company and the operation of the Board.

Further, the Senior Independent Director held a meeting with the Non-Executive Directors without the presence of the Chairman, to appraise the performance of the Chairman.

BOARD SUB-COMMITTEES

To assist in executing its governance and oversight responsibilities, the Board has appointed several committees. Each committee comprises entirely of Non-Executive Directors who have been selected based on their qualifications and expertise to execute the duties as per the TOR of the respective committee. Board committees act as a bridge between the Board and the Corporate Management in overseeing specific operational aspects of the business.

CORPORATE GOVERNANCE



Audit Committee Composition

Mr. T A B Speldewinde - Chairman -Senior Independent (appointed on 11.08.2023)

Mr. K D G Gunaratne - Independent Non-Executive

Mr. M C B Talwatte - Independent Non-Executive (appointed on 03.01.2024)

Mr. S C Ganegoda - Non-Executive

Mr. J M J Perera - Independent Non-Executive (Resigned w.e.f.31.12.2023))

Remuneration Committee Composition

Mr. K D G Gunaratne - Chairman - Independent Non-Executive

Mr. M C B Talwatte - Independent Non-Executive (appointed on 03.01.2024)

Mr. S C Ganegoda - Non-Executive

Mr. J M J Perera - Independent Non-Executive (resigned w.e.f. 31.12.2023)

Related Party Transactions Review Committee Composition

Mr. T A B Speldewinde - Chairman - Senior Independent (appointed on 11.08.2023)

Mr. K D G Gunaratne - Independent Non-Executive

Mr. S C Ganegoda - Non-Executive

Mr. J M J Perera - Independent Non-Executive (resigned w.e.f. 31.12.2023)

Nominations and Governance Committee Composition (formed on 13.05.2024)

Mr. T A B Speldewinde - Chairman - Senior Independent

Mr. K D G Gunaratne - Independent Non-Executive

Mr. S C Ganegoda - Non-Executive

POLICIES

The Company has adopted the policies established by the Ultimate Parent Company on matters relating to the Board of Directors and Board Committees, Corporate Governance, Nominations and Re-election, Remuneration, Risk Management and Internal Control, Whistleblowing and Anti-Bribery and Corruption.

The Company has a Shareholder Communication and Relations policy and it is published on the corporate website.



The 'Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees.

The 'Hayleys Lifecode' includes a suite of environmental, social and governance related policies which are applicable across the Group. The Company is in the process of formulating the other required policies.

Constructive use of the AGM & Other General Meetings

The Board uses the AGM to communicate with shareholders. The notice, proxy forms and other related documents are sent to all shareholders by the Secretaries 15 working days before the AGM.

Each resolution in the Agenda is separately voted on by the shareholders.

Adoption of the Annual Report of the Board of Directors and the Statement of Accounts is considered as a separate resolution.

A form of Proxy is provided with the Annual Report to all shareholders to direct their Proxy to vote. The Company ensures that all proxy votes are properly recorded and counted. The number of proxies lodged on each resolution is conveyed to the Chairman.

The Board arranges the Chairmen of Board Sub-Committees are available to answer queries at the AGM when necessary.

Communication with Shareholders

HPL utilises a range of statutory and public relation communications to engage with shareholders. These include: Annual Report, Quarterly Financial Statements, Annual General Meeting, Disclosures to the Colombo Stock Exchange etc.

Shareholders can forward their inquiries via electronic media (e-mail, telephone call or in writing) to the relevant person to raise queries. The contact person for such communication is the Company Secretary. All the major issues relating to shareholders are brought to the attention of the Board. The Chairman and the Directors answer all the queries raised by the shareholders at the AGM and General Meetings.

IT GOVERNANCE

Information Technology and Cyber Security

Company's Information Technology (IT) Policy has formulated based on all best practices of IT, applicable for organisation's operating and business environment. IT functions and review of IT Policy of the organisation are subject to an external audit every year and independent report is

issued to the Audit Committee and to the Board of Directors, by the external auditors on their findings.

Cyber Security Risk Management

Continuous risk assessment programs have helped IT Management Committee to identify the cyber risk and mitigating factors of the environment. These factors are forwarded for discussion and approval, on monthly basis to Corporate Management, before implementation. Risk factors, which are identified and mitigating factors which are implemented in the operating and business environment of the organisation are communicated to the Board of Directors by the Chief Executive Officer on a quarterly basis. Board discusses at each meeting, on the development of cyber security threats which can affect the organisation and special attention is given on how the continuous instructions and advise of Group IT have been followed to mitigate these threats.

CORPORATE MANAGEMENT

The Managing Director (MD) heads the Corporate Management team. Other members of the Corporate Management

team include HPL's Chief Executive Officer (CEO), Director Plantations, Regional General Manager, General Manager – Finance, General Manager - Corporate Affairs. Together they represent HPL's Management Committee.

The Managing Director, the CEO and the other members of the Management Committee are responsible for the establishment and monitoring financial controls on operations. The MD, CEO and the Management Committee are also collectively responsible for reviewing the annual budgets, monthly operational reviews, capital expenditure proposals and quarterly performance appraisals, prior to submission for Board approval.

Management Committee meetings are held monthly to ensure that the Company's strategies and plans are carried out effectively to the satisfaction of the Board.

Internal Reviews		Group Assurance Reviews	
Description and Frequency	Participants	Description and Frequency	Participants
Monthly Finance Review	HPL's GM Finance	Hayleys Group Plantation Sector Review	HPL's Managing Director / CEO
Monthly IT Review	HPL's GM Finance and Manager IT	Hayleys Group Monthly Management Committee	HPL's Managing Director
Weekly Sales/Production Review	HPL's CEO/Director Plantation/RGM	Hayleys CFO Cluster Monthly Meetings headed by the Group CFO	HPL's GM Finance
Monthly reviews with MD	HPL's CEO and Corporate Management	Hayleys Group Monthly HR Meeting	HPL's GM Corporate Affairs
		Hayleys Group Monthly IT Meeting	HPL's Manager IT
Monthly Reviews with CEO	HPL's Corporate Management/ESG Steering Committee	Annual Estate Audits and Head Office Functions	Group Internal Auditor (MA&SRD) – Hayleys PLC

CORPORATE GOVERNANCE

Description and Frequency	Participants	Description and Frequency
<p>GRI 2-12</p> <p>Role of the highest governance body in overseeing the management of impacts</p>	<p>a) Role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development;</p>	<p>HPL complies with the Hayleys Group's ESG guidelines and policies. The Board is also directly involved in developing sustainability strategy and sustainability policies. The senior management supports the Board in its deliberations with information.</p>
	<p>b) Role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people</p>	<p>We have many sustainability accreditations which are certified by independent auditors annually. Our GHG emissions are reported to the Sri Lanka Climate Fund and is verified independently. The status of these accreditations is reported at board meetings.</p> <p>Progress with regards to sustainability projects and status of environmental regulatory compliance is also reported regularly to the Board</p>
	<p>c) Describe the role of the highest governance body in reviewing the effectiveness of the organization's processes</p>	<p>Board meetings are conducted quarterly and updates are provided to the Board on status of regulatory compliance and status of sustainability accreditations.</p> <p>Status of compliance with regards to statutory matters are routinely submitted to the Board every 03 months.</p>
<p>GRI 2-13</p> <p>Delegation of responsibility for managing impacts</p>	<p>There is a dedicated Sustainability Manager who reports directly to the Managing Director and the CEO and heads a Sustainability Team. Therefore, sustainability topics have been delegated.</p>	
<p>GRI 2-14</p> <p>Role of the highest governance body in sustainability reporting</p>	<p>The Board is directly involved in our sustainability reporting efforts through the MD and CEO who are both members of the Board. The Chairman also provides a statement for the annual report and explains the Company's sustainability strategy.</p>	
<p>GRI 2-15</p> <p>Conflicts of interest</p>	<p>HPL has had a Related Party Transactions Review Committee since 2016. The Committee reviews and approves all related party transactions of HPL to ensure that the Company complies with the rules set out in the Code of Best Practices on related party transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC).</p> <p>To further avoid conflicts of interest, annual declarations are submitted by Non-Executive Directors in accordance with the Listing Rules of the Colombo Stock Exchange</p>	
<p>GRI 2-16</p> <p>Communication of critical concerns to the Board regarding environmental, social, human impacts</p>	<p>Clear reporting lines are operational to communicate any critical sustainability concerns to the Board, quickly, as the MD and CEO are members of the Board and the Sustainability Manager has direct access to both. Managers also have direct access to the Chairman for any critical matter.</p> <p>In addition, the Group Management Committee of Hayleys PLC meets once a week, where the MD is a member. There has been no critical concerns communicated during the current FY</p>	

Description and Frequency	Participants	Description and Frequency
GRI 2-17 Collective knowledge of the highest governance body	a) Measures taken to advance the collective knowledge, skills, and experience of the Board on Sustainable Development.	Throughout their tenure, all HPL Directors are encouraged to undertake training as part of their continuous professional development.
Evaluation of the performance of the Board	The Board submits to self-assessments in the form of written assessments provided by the Hayleys Group Services (Private) Limited.	
GRI 2-18 Remuneration policies	<ul style="list-style-type: none"> Remuneration of the HPL Board is based on Group policies. HPL also has a Board Remuneration Committee to recommend remuneration for Directors/ Chief Executive Officer and the Management Staff. 	
GRI 2-20 Process to determine remuneration	<ul style="list-style-type: none"> The process to determine remuneration of Board members is to align with the rates within the Group boards. For General Managers and above categories, remuneration is based on performance with a minimum of 03 ongoing projects for a year, that are evaluated against targets. 	
GRI 2-21 Annual total compensation ratio	a) ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual);	1: 16.41
	b) ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual);	1: 8.59

COMPANY SECRETARY

The Company Secretary, Hayleys Group Services (Private) Limited plays an important role in assisting the Board to discharge their duties and responsibilities. Among the key duties of the Company Secretary are to inform the Board of all legislation and regulations relevant to the Group. The Company Secretary guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance.

Responsibilities include;

- Ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation.
- Maintaining statutory registers and the minutes of Board and Board Sub-Committee meetings.
- Prompt communication to regulators and shareholders.
- Filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary.

- Maintain Register of Directors & Secretaries with the details of Directors' & Secretaries particulars including names, surnames, former names (if any), residential address, business, occupation, date of appointment and date of resignation.

All Directors have access to the advice and services of the Company Secretaries. Appointment and removal of the Company Secretary is a matter for the Board.

CORPORATE GOVERNANCE

DISCLOSURE OF INFORMATION AND COMPLIANCE

The Financial Statements of the Company are prepared in accordance with the Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange.

Levels of compliance with the CSE's Listing Rules - Section 7.6 are given in the following table:-

CSE Rule Reference	Applicable Requirement	Compliance Status	Reference (within the Report)	Page Reference
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Complied	Annual Report of Board of Directors	page 225 to 229
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum required public shareholding	Complied	Shareholder Information	page 318 to 319
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Complied	Annual Report of Board of Directors	page 225 to 229
7.6.(vi)	Material foreseeable risk factors of the entity	Complied	Risks Management	page 72 to 80
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Capital	page 120 to 141
7.6 (viii)	Extents, locations, valuations, number of buildings	Complied	Note 15 to the Financial Statements	page 280 to 281
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Annual Report of Board of Directors	page 225 to 229
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Complied	Shareholder Information	page 318 to 320
7.6 (xi)	Ratios and Market Price Information	Complied	Ten Year Summary	page 312 to 313
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Complied	Note 15 to the Financial Statements	page 280 to 281
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A	
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A		
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied	Corporate Governance Report	page 206 to 224
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Complied	Note 30.5 to the Financial Statements	page 300

Levels of compliance with the CSE's Listing Rules - Section 9 on Corporate Governance are given in the following table:-

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.2.1	Policies	Complied	Annual Report of the Board of Directors	page 225 to 229
9.3	Board Committees	Complied	Corporate Governance Report – Board Committees Committee Reports	page 211 to 212
9.4.1	Meeting Procedures	Complied	Corporate Governance Report – Board Meetings	page 211
9.4.2	Communication and Relations with shareholders	Complied	Corporate Governance Report – Policies	page 212 to 213
9.5	Policy on matters relating to the Board of Directors	Complied	Corporate Governance Report – Policies	page 212 to 213
9.6	Chairperson and CEO	Complied	Corporate Governance Report – Chair of the Board	page 210
9.6.3	Senior Independent Director (SID)	Complied	Corporate Governance Report - Chair of the Board	page 208
9.6.3. (b)	Independent Directors meetings with SID	Complied	Corporate Governance Report – SID Meetings	page 211
9.6.3. (c)	Non-Executive Directors meetings with SID	Complied	Corporate Governance Report – SID Meetings	page 211
9.6.3. (e)	Disclosure by SID	Complied	Statement of SID	page 238
9.7.1	Fitness of Directors and CEO	Complied	Annual Report of the Board of Directors- Fitness of Directors and CEO Nominations and Governance Committee Report	page 228 page 232
9.7.4	Declaration by Directors and CEO confirming that they satisfy the Fit and Proper Assessment Criteria	Complied	Annual Report of the Board of Directors- Fitness of Directors and CEO Nominations and Governance Committee Report	page 228 page 232
9.7.5	Disclosure in the Annual Report	Complied	Annual Report of the Board of Directors	page 228 to 232
9.8.1	Minimum number of Directors	Complied	Corporate Governance Report – Board Composition	page 228
9.8.2	Independent Directors	Complied	Corporate Governance Report – Independence of NED	page 208
9.8.3	Criteria for determining independence	Complied	Corporate Governance Report – Independence of NED	page 208
9.8.5	Disclosure relating to Criteria for determining independence	Complied	Corporate Governance Report – Independence of NED	page 208

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.10.2	Disclosure relating to Directors Appointments	Complied	(Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity) Directors Profiles	page 22 to 23
9.10.3	Disclosure relating to changes to Board Committees	Complied	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.	page 211 to 212
9.10.4	Disclosure relating to Directors	Complied	Directors Profiles	page 22 to 23
9.11.1-3	Nominations and Governance Committee	Complied	Nominations and Governance Committee Report	page 232
9.11.4	Composition of the Nominations and Governance Committee	Complied	Nominations and Governance Committee Report	page 232
9.11.5	Functions of the Nominations and Governance Committee	Complied	Nominations and Governance Committee Report	page 232
9.12.1-5	Remuneration Committee, policy on Executive Directors' remuneration, policy on Non-Executive Directors' remuneration and written Terms of Reference of the Committee	Complied	Remuneration Committee Report	page 233
9.12.6	Composition of Remuneration Committee	Complied	Remuneration Committee Report	page 233
9.12.7	Functions of Remuneration Committee	Complied	Remuneration Committee Report	page 233
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Complied	Remuneration Committee Report Note 30.4 to the Financial Statements	page 233 page 300
9.13.1	Audit and Risk Functions	Complied	Audit Committee Report	page 236 to 237
9.13.2	Terms of Reference for Audit Committee	Complied	Audit Committee Report	page 236 to 237
9.13.3	Composition of Audit Committee	Complied	Audit Committee Report	page 236 to 237
9.13.4	Audit Committee Functions	Complied	Audit Committee Report	page 236 to 237
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Complied	Audit Committee Report	page 236 to 237
9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied	Related Party Transactions Review Committee	page 234 to 235
9.14.3	Functions of RPTRC	Complied	Related Party Transactions Review Committee	page 234 to 235

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page Reference
9.14.4	General requirements of RPTRC	Complied	Related Party Transactions Review Committee	page 234 to 235
9.14.7	Immediate Disclosures	Complied	Note 30.5 to the Financial Statements	page 300
9.14.8 (1) & (2)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied	Note 30.5 to the Financial Statements	page 300
9.14.8 (3)	Report by the RPTRC	Complied	Report of the RPTRC	page 234 to 235
9.14.8 (4)	An affirmative declaration by the Board of Directors	Complied	Annual Report of Board of Directors	page 225 to 229
9.16	Additional Disclosures	Complied	Annual Report of Board of Directors	page 225 to 229

Levels of compliance with the Companies Act No. 7 of 2007 are given in the following table:-

Rule	Requirement	Complied	Reference (within the Report)	Page Reference
168 (1) (a)	The nature of the business together with any change thereof during the accounting period	Complied	About Horana Plantations	page 8
168 (1) (b)	Signed financial statements of the company	Complied	Financial Statements	page 243 to 310
168 (1) (c)	Auditors' Report on financial statements	Complied	Independent Auditor's Report	page 243 to 246
168 (1) (d)	Accounting policies and any changes therein	Complied	Note 1 to 3.10 to the Financial Statements	page 253 to 267
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	Annual Report of the Board of Directors	page 226
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	Note 30.4 to the Financial Statements	page 300
168 (1) (g)	Corporate donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors	page 228
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Complied	Board of Directors	page 22 to 23
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied	Note 10 to the Financial Statements	page 270
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Complied	Annual Report of the Board of Directors	page 227
168 (1) (k)	Acknowledgment of the contents of this Report and Signatures on behalf of the Board	Complied	Annual Report of the Board of Directors	page 225 to 229

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Levels of compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023 are given in the following table:-

Code Ref	Requirement	Complied	Reference within the Report	Page
A.	Directors			
A.1	An effective Board should direct, lead and control the Company			
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Complied	Board Meetings	page 211
A.1.2	Role and Responsibilities of the Board	Complied	Board Responsibilities	page 209
A.1.3	Act in accordance with laws of the Country Independent professional advice	Complied	Corporate Governance	page 208
A.1.4	Access to advise and services of the Company Secretary	Complied	Company Secretary	page 215
A.1.5	Independent judgement	Complied	Board Meetings	page 211
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Complied	Directors Interests, Related Party Transactions	page 226
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Complied	Board Meetings	page 211
A.1.8	Board induction and Training	Complied	Induction and training for Directors	page 210 to 211
A.2	Chairman and CEO	Complied	Division of Responsibilities Between the Chairman and The Managing Director / CEO The Chairman and the Chief Executive Officer of the Company are two different persons with clearly defined and separated power and authority.	page 210
A.3	Chairman's role in preserving good corporate governance	Complied	Division of Responsibilities Between the Chairman and The Managing Director / CEO	page 210
A.4	Availability of financial acumen	Complied	Board Composition	page 208
A.5	Board Balance	Complied	Board Composition	page 208
A.5.1	The Board should include sufficient number of NEDs	Complied	Board Composition	page 208
A.5.2	2/3rd of NEDs should be Independent	Complied	Board Composition	page 208
A.5.3	Independence of Directors	Complied	Independence	page 208
A.5.4	Annual declaration of independence by Directors	Complied	Independence	page 208
A.5.5	Annual determination of independence of NEDs	Complied	Independence	page 208

Code Ref	Requirement	Complied	Reference within the Report	Page
A.5.6	Alternate Directors	Not Applicable	There were no appointments of alternative Directors during the year	-
A.5.7	Senior Independent Director (SID)	Complied	Board Composition	page 208
A.5.8	Report from SID	Complied	Report of the Senior Independent Director	page 238
A.5.9	Chairman's meetings with NEDs	Complied	When required executive directors and corporate management team are excused from meetings	page 211
A.5.10	Recording of dissent in minutes	Complied	Meetings and minutes	page 211
A.6	Supply of Information	Complied	Corporate Governance	page 211
A6.1	Timely and appropriate information to the Board			
A6.2	Information provided in advance to the Board meetings.	Complied	Corporate Governance	page 211
A.7	Appointments to the Board: Nominations Committee	Complied	Nominations and Governance Committee Report	page 231 to 232
A.7.1	Composition of Nominations and Governance Committee	Complied	Nominations and Governance Committee	page 231 to 232
A.7.2	Annual assessment of Board composition	Complied	Corporate Governance	page 208
A.7.3	Succession plan for the CEO and all Key Management Personnel and determine the training and development requirement for those identified succession	Complied	Nominations and Governance Committee Report	page 231 to 232
A.7.4	Disclosure on appointment of a new Director	Complied	Directors Profile	page 22 to 23
A.7.5 & A7.6	Composition of Nomination Committee and TOR	Complied	Nominations and Governance Committee Report	page 231 to 232
A.8 A.8.1 & A.8.2	Directors to submit themselves for re-election	Complied	Re-election	page 208 to 209, 232
A.8.3	Resignation of a Director	Complied	Corporate Governance	page 206 to 215
A.9	Appraisal of Board and Board Sub-Committee Performances	Complied	Corporate Governance	page 210
A.10	Annual Report to disclose specified information regarding Directors	Complied	Board of Directors	page 22 to 23
A.11	Appraisal of the CEO	Complied	Corporate Management	page 210

CORPORATE GOVERNANCE

Code Ref	Requirement	Complied	Reference within the Report	Page
B.	Directors Remuneration			
B.1	Establish process for developing policy on executive and director remuneration.	Complied	Remuneration Committee report	page 233
B.2	Level and Make Up of Remuneration	Complied	Remuneration Committee Report	page 233
B.3	Disclosures related to remuneration in Annual Report <ul style="list-style-type: none"> • Remuneration Policy Statement • Aggregate Board Remuneration paid 	Complied	Note 30.4 to Financial Statements Remuneration Committee Report	page 300 page 233
C.	Relations with Shareholders			
C.1.	Constructive use of the AGM & Other General Meetings	Complied	Constructive use of the AGM & Other General Meetings Notice of the Meeting	page 212 page 344
C.2	Communication with Shareholders	Complied	Corporate Governance - Policies	page 213
C.3	Disclosure of major and material transactions	Complied	There were no major or material transactions during the year, which materially affected the net asset base of Company.	-
D	Accountability & Audit			
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects	Complied	Financial Statements	page 243 to 310
D.1.1	Balanced Annual Report	Complied	Financial Statements	page 243 to 310
D.1.2	Balanced and understandable communication	Complied	Financial Statements	page 243 to 310
D.1.3	CEO/CFO declaration	Complied	Chief Executive Officer's and General Manager Finance's Responsibility Statement	page 240
D.1.4	Declarations by the Directors	Complied	Annual report of the Board of Directors on the Affairs of the Company	page 225 to 229
D.1.5	Statement by the Board on their responsibilities for the preparation and presentation of financial statements, statement by the Auditors about their responsibilities and Report on Risk Management and Internal Control	Complied	Directors' Responsibility for Financial Reporting Directors' Statement on Internal Controls Risk Management Auditors' Report	page 239 page 72 to 80 page 243 to 246

Code Ref	Requirement	Complied	Reference within the Report	Page
D1.6	Management Discussion & Analysis	Complied	<ul style="list-style-type: none"> • Business Model • Industry structure and developments • Opportunities and threats • Risk management • Internal Control systems • Corporate & enterprise governance • Stakeholder relationships • Social and environmental governance activities • Financial Performance • Investment in Intellectual Capital • Human Resource Management • Prospects for the future 	page 4 to 204
D.1.7	Net Assets < 50%	Complied	In the unlikely event of the net assets of the Company falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.	page 248
D.1.8	Related Party Transactions	Complied	Directors Interests, Related Party Transactions & Conflicts of interest	page 30
D.2.	Process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	Complied	<p>Risk Management and Internal control Report of the Audit Committee</p> <p>Directors' Statement of Internal Control Risk Review</p>	<p>page 72 to 80</p> <p>page 236 to 237, 239</p>
D.3.	Audit Committee	Complied	Audit Committee Report	page 236 to 237
D.4	Risk Committee	Complied	<p>Audit Committee TOR has been widened to include risk responsibilities. Therefore, Audit Committee oversee the risk management of the company.</p> <p>Audit Committee Report</p>	page 236 to 237
D.5	Related Party Transactions Review Committee	Complied	Related Party Transactions Review Committee report	page 234 to 235
D.6	Code of Business Conduct and Ethics	Complied	The 'Hayleys Way' serves as the Internal Code of Business conduct and Ethics for all Directors, Key Management Personnel and other employees.	page 212

CORPORATE GOVERNANCE

Code Ref	Requirement	Complied	Reference within the Report	Page
D.7	Corporate Governance Disclosures	Complied	Corporate Governance Report	page 206 to 224
E	Institutional Investors	Complied	Communication with Shareholders	page 213
F	Other Investors	Complied	Communication with Shareholders	page 213
G.	Internet of Things & Cyber security	Complied	Corporate Governance Risk Management	page 213
H	Sustainability: ESG Risk and Opportunities			page 72 to 80
H.1	Provide the impact of ESG Risks & Opportunities for the Board	Complied	ESG Risk and Opportunities Risk Management	
H.1.1				
H.2	Method of recognizing significant stakeholders & material matters relating to significant stakeholders	Complied	Stakeholder Engagement	page 50 to 53
H.2.1				
H.3	Environmental and Social Governance Framework and Structure	Complied	ESG Integration	page 68 to 71
H.3.1				
H.4	Governance structure to support sustainability/ ESG factors	Complied	ESG Integration	page 68 to 71
H.4.1, H.4.2 & H.4.3				
H.5	How ESG risk & opportunities Recognised, managed, measured and reported	Complied	ESG Integration	page 68 to 71
H.5.1, H.5.2, H.5.3 & H.5.4				
I.1	Establishment and Maintenance of Policies	Complied	Corporate Governance - Policies	page 212
I.2	Policy on matters relating to the Board of Directors	Complied	Corporate Governance - Policies	page 212