


Corporate Governance

Ensuring and Preserving Value

Highlights of 2024/25

Board Appointments

- **Mr. P. Y. S. Perera** appointed as an Independent Non-Executive Director
- **Mr. A. J. Alles** appointed as an Independent Non-Executive Director
- **Mr. K. D. D. Perera** appointed as Co-Chairman and Non-Executive Director

**Skills added**
Banking, Finance, Corporate Leadership and Entrepreneurship

Change in Composition

Following the appointment of new Directors and reclassification of 2 Directors as Non-Executive Directors, the composition changed as follows:

6

Executive Directors

3

Non-Executive Directors

4

Independent Directors


Policy Refresh

- Eight policies were refreshed and published on the website in line with the requirements of the new Listing Rules
- Policies updated included Procurement Policy, ESG-related policies, Risk Management Policy and Rewards and Remuneration Policy


Board Focus

- Monitoring execution of strategy
- Risk management
- Board succession
- Digital transformation and IT governance
- Strategic ESG integration


Governance practices which support ethical and effective leadership

**COMPOSITION**


- Majority of Directors are Non-Executive Directors
- Majority Non-Executive Directors are Independent

**EFFECTIVE DELEGATION**


- Clear lines of delegation to Committees, supported by Charters

**BOARD ENGAGEMENT**

- Active engagement with business through Executive Director insights, common directors in subsidiaries, frequent meetings and ongoing knowledge sharing sessions

**POLICIES**

- Comprehensive and robust policy framework approved by the Board of Directors

**RISK MANAGEMENT**

- Enterprise risk management framework
- Combined assurance model
- Embedding identification of SRROs to existing risk management processes

BOARD COMPLIANCE

The Group's fit-for-purpose governance frameworks ensure compliance with applicable laws, codes and best practices through effective and adequate controls. The Board ensures that Hayleys is governed through ethical consciousness and integrity thereby preserving the interests of diverse stakeholders and capital resources while guaranteeing accountability and effective leadership.

- The Board is satisfied that it discharged its duties and obligations effectively during the 2024/25 financial year
- The Board confirms that the organisation has fully complied with the Corporate Governance Rules set out in the Listing Rules of the CSE
- The Company's Independent Directors meet the criteria for determining independence as per the Listing Rules of the CSE
- The Chairman & Chief Executive and Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the CSE

- The Board confirms compliance with the requirements of the Policy on Matters Relating to the Board of Directors
- During the year under review, there were no material violations of any laws or regulations nor any material fines or penalties imposed on the Company for contraventions of any laws and regulations

54

The World of Hayleys | Purposeful and Responsive Leadership | Unlocking Value | Management Discussion & Analysis | Financial Statements

Adapting governance to shifts in our operating landscape

Development	Governance response
Increasing prevalence of AI in transforming the business landscape, through efficiency, innovation and competitiveness.	A holistic digital transformation strategy which is monitored and reviewed by the Board Focus on ethical concerns, potential workplace displacements and internal controls
Opportunities presented by a fairer and more competitive environment for the private sector following changes in the political leadership	Increased focus on mitigating the risk of corruption and bribery Strategic alignment with the country's national economic development agenda
Escalating expectations from Boards to take accountability for effective management of ESG risks	Regular monitoring of ESG risk landscape with its integration to the Group's enterprise risk management framework Monitoring progress against the aspirations and targets of the Group's ESG strategy
Regulations- Anti Corruption and Data Protection Act	Formulation of policies and procedures aligned to the requirements of the regulations

COMPLIANCE TO NEW CORPORATE GOVERNANCE RULES

The Corporate Governance Rules applicable to listed entities under Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange were revised with effect from 1st October 2023 with a phased approach to full compliance by March 2025. A summary of the measures adopted to comply with the new requirements are given below; please refer to page 82 for more detailed information on the compliance to the new Corporate Governance Rules and to the revised Code of Best Practice on Corporate Governance (2023) by CA Sri Lanka.

Rule	Summary of requirement	Effective date of implementation	Status of compliance
9.2	Policies to be maintained by listed companies	October 2024	Complied with all relevant policies available on the corporate website
9.3.3	Chairperson of Board Committees	October 2024	Complied
9.6	Appointment of SID		Complied
9.7	Fitness and propriety of Director and CEOs	April 2024	Complied
9.8.1/9.8.2	Board composition	October 2024	Complied
9.8.3	Revisions to independence criteria	March 2025	Complied following the reclassification of 2 Independent Directors as Non-Independent, Non-Executive Directors
9.9	Alternate directors	January 2024	Complied
9.11	Nominations and Governance Committee	October 2024	Complied
9.12.6 (2) 9.13.3 (4), 9.14.2 (2)	Rules relating to the sharing of Board Committees	October 2024	Complied
9.12.6 (1), 9.13.3, 9.13.4, 9.13.5, 9.14, 9.14.2 (1)	Revisions to the compositions of the sub-committees	October 2024	Complied

Corporate Governance

APPROACH TO GOVERNANCE

An enterprise-wide approach to corporate governance has allowed the Group to evolve its structures, processes and governance actions, moving beyond incremental growth and pursue transformative change in rapidly shifting operating conditions. Good governance is embedded in long-standing principles that are designed to ensure longevity of the Group’s multi-stakeholder value creation, driven by our purpose of Inspiring an Inclusive World and a Thriving Planet.

Our fit-for-purpose governance approach is designed to comply with the relevant regulations and legislation and is supplemented by alignment to governance best practices and relevant voluntary frameworks as set out below.



GOVERNANCE IN ACTION

The Board serves as the custodian in ensuring and preserving value as the Group drives its strategic aspirations. Directors engage closely with the business, applying ethical and responsible leadership in achieving sustainable growth and preserving stakeholder interests. The platforms and reporting mechanisms through which the Board engages with the business is set out alongside.

Board meetings

Board meetings are scheduled early and duly informed to the Directors at the beginning of each calendar year. During the year, the Board convened 12 times while 1 special meeting was also held to review the annual budget for 2025/26. Clear guidelines and processes are defined and communicated to ensure effectiveness of Board meetings.

Board and Sub-Committee meeting schedule 2024/25

JUN	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
B	B	B	B	B	B	B	B	B	B	B	B
		A			A			A			A
		RP			RP			RP			RP
				N		N			N	N	
					RE					RE	

B Board A Audit Committee RE Remuneration Committee N Nominations & Governance Committee RP Related Party Transactions Review Committee

Directors	Board	Audit Committee	Remuneration Committee	Nominations & Governance Committee	Related Party Transactions Review Committee
Mr. A. M. Pandithage	13/13	-	-	-	-
Mr. K. D. D. Perera (appointed with effect from 1st Oct 2024)	5/9	-	-	-	-
Mr. S. C. Ganegoda	13/13	-	-	-	2/2
Mr. H. S. R. Kariyawasan	11/13	-	-	-	-
Dr. H. Cabral, PC	13/13	4/4	2/2	4/4	4/4
Mr. L. R. V. Waidyaratne	13/13	-	-	-	-
Mr. M. Y. A. Perera	11/13	3/4	2/2	4/4	3/4
Ms. J. Dharmasena	12/13	-	-	-	-
Mr. R. J. Karunarajah	10/13	-	-	-	-
Mr. K. D. G. Gunaratne	12/13	3/4	2/2	4/4	2/2
Mr. T. A. B. Speldewinde	13/13	3/3	2/2	4/4	4/4
Mr. P. Y. S. Perera	13/13	3/3	1/1	3/3	2/2
Mr. A. J. Alles (appointed with effect from 1st Oct 2024)	9/9	3/3	-	-	-
Mr. M. H. Jamaldeen (resigned with effect from 14th Nov 2024)	6/6	1/2	1/1	-	-

Board engagement with the business

- 6 Directors serve on Board subcommittees, obtaining deeper insights on specific matters
- The 6 Executive Directors represent key sectors and Hayleys PLC center functions
- Access to deeper insights at Sector level through common directors
- Regular monitoring of performance at monthly Board meetings
- Special meetings as and when required

Corporate Governance






BOARD PRIORITIES IN 2024/25

The following areas received heightened attention from the Board during the year under review, reflecting strategic priorities as well as external developments in the operating landscape. Discussion areas are summarised in the following table and described in further detail in the Portfolio Reviews (page 156 to 288) and Capital Management Reports (page 289 to 339) of this Report.

<div>Monitoring execution of strategy and performance</div> <p>The Board provided material input into the group's strategy, deliberating on execution, progress and impacts of emerging developments in the operating landscape. The Group's 6 Executive Directors, representing key business verticals play a vital role in this process, contributing their domain specific knowledge and deep industry insights.</p> <div><div>Stakeholder interests: Shareholders, Customers, Employees, Government</div><div>Capitals impacted: FC MC HC SC</div></div>
<div>Board succession</div> <p>Emphasis was placed on maintaining board continuity through proactive succession planning in view of strategic requirements, statutory changes on board composition as well as diversity of skills, industry experience and tenure of Directors.</p> <div><div>Stakeholder interests: Shareholders, Employees</div><div>Capitals impacted: HC IC</div></div>
<div>Digital transformation and IT governance</div> <p>In line with the Group's strategic focus on rewiring the organisation through deploying digital capabilities at scale, the Board heightened attention on mobilising digital innovations and strengthening ICT governance.</p> <div><div>Stakeholder interests: Shareholders, Customers, Employees</div><div>Capitals impacted: FC MC IC HC</div></div>
<div>Effective management of risks</div> <p>Building strategic resilience through embedding effective risk management practices across the Group was a priority during the year, given rapidly evolving risk landscapes in both the internal and external environments.</p> <div><div>Stakeholder interests: Customers, Employees, Communities</div><div>Capitals impacted: FC MC SC HC NC</div></div>
<div>Strategic integration of ESG</div> <p>Board continued to focus on strategically embedding ESG considerations into strategy, processes, decision-making and organisational culture</p> <div><div>Stakeholder interests: Customers, Employees, Government, Business partners, Communities</div><div>Capitals impacted: HC NC SC</div></div>

Monitoring execution of strategy and performance

The Board formulates and steers the Group's strategic direction, ensuring that specific areas of governance oversight are identified and addressed. The Board also approves policies and material processes which support the delivery of the Group's strategy while overseeing and monitoring management's implementation and execution of strategy through regular performance updates.

		Role of effective governance	Information shared with Board	Board deliberations and decisions in 2024/25
STRATEGIC PRIORITIES	 Portfolio optimisation	Optimal allocation of capital and effective execution of the Group's investment and portfolio strategy	<ul style="list-style-type: none"> → Performance against financial and operational targets and metrics → Developments in external landscape including political, macro-economic and social matters 	<ul style="list-style-type: none"> → Overseeing the Group's strategic direction and approval of Annual Corporate Plan and budgets → Approval of major capex projects and acquisitions including overseas expansions → Approving the annual, interim and quarterly financial results
	 Customer centricity	Alignment of organisational policies, culture and leadership with customer expectations	<ul style="list-style-type: none"> → Developments in the competitive landscape → Results of customer acquisition and retention → Results of customer satisfaction surveys 	<ul style="list-style-type: none"> → Evaluation of opportunities in new markets and customer segments → Monitoring performance of new products and businesses
	 Nurturing inspired teams	Ensure the Group's employee value proposition is tailored to attract and retain the talent required to drive its strategy	<ul style="list-style-type: none"> → People-related developments including changes in headcount, health and safety and engagement initiatives → Results of employee satisfaction survey 	<ul style="list-style-type: none"> → Approval of the Group's Diversity, Equity and Inclusion interventions → Review and approval of remuneration guidelines and parameters → Ensure effective succession planning is in place for key management personnel
	 Inclusive business models	Prioritise inclusive business models and ensure engagement in strategic CSR initiatives	<ul style="list-style-type: none"> → Metrics on supplier value creation and retention → Outputs and outcomes associated with community engagement mechanisms 	<ul style="list-style-type: none"> → Receive updates on the Group's major suppliers and value creation → Monitor progress of supplier development programmes
	 ESG integration	Strategic integration of ESG across all decision-making, functions and processes	<ul style="list-style-type: none"> → ESG risk scoring → Non-financial performance metrics → External developments relating to sustainability 	<ul style="list-style-type: none"> → Monitoring the Group's key sustainability related risks and opportunities → Approval of the 2nd edition of the Hayleys Lifecode → Monitoring quarterly ESG performance against targets

Corporate Governance

Board succession

Succession planning was an important priority during the year and the collective responsibility of the Board. In the year under review, the Group announced the appointment of a Co-Chairman/Non-Executive Director and an Independent Non-Executive Director. With 2 Directors being reclassified as Non-Executive Directors following the requirements of the new Listing Rules, the new appointments to the Board ensured continuity of board balance. The new appointments have also strengthened the Board's skill profile (refer to page 71 further information) with increased diversity of industry experience, domain-specific knowledge and skills.

Digital transformation and IT governance

The Group accelerated its technology-driven transformation, in line with the Digital Roadmap that was launched last year (refer to page 324 for further information on related interventions). The Board holds apex responsibility for governing technology and information and during the year, parallel emphasis was placed on strengthening ICT governance and cybersecurity measures. The Head of Group IT Services, supported by specialised resources across the Group supports the Board in discharging its IT-related duties and providing oversight on the management of technology assets.

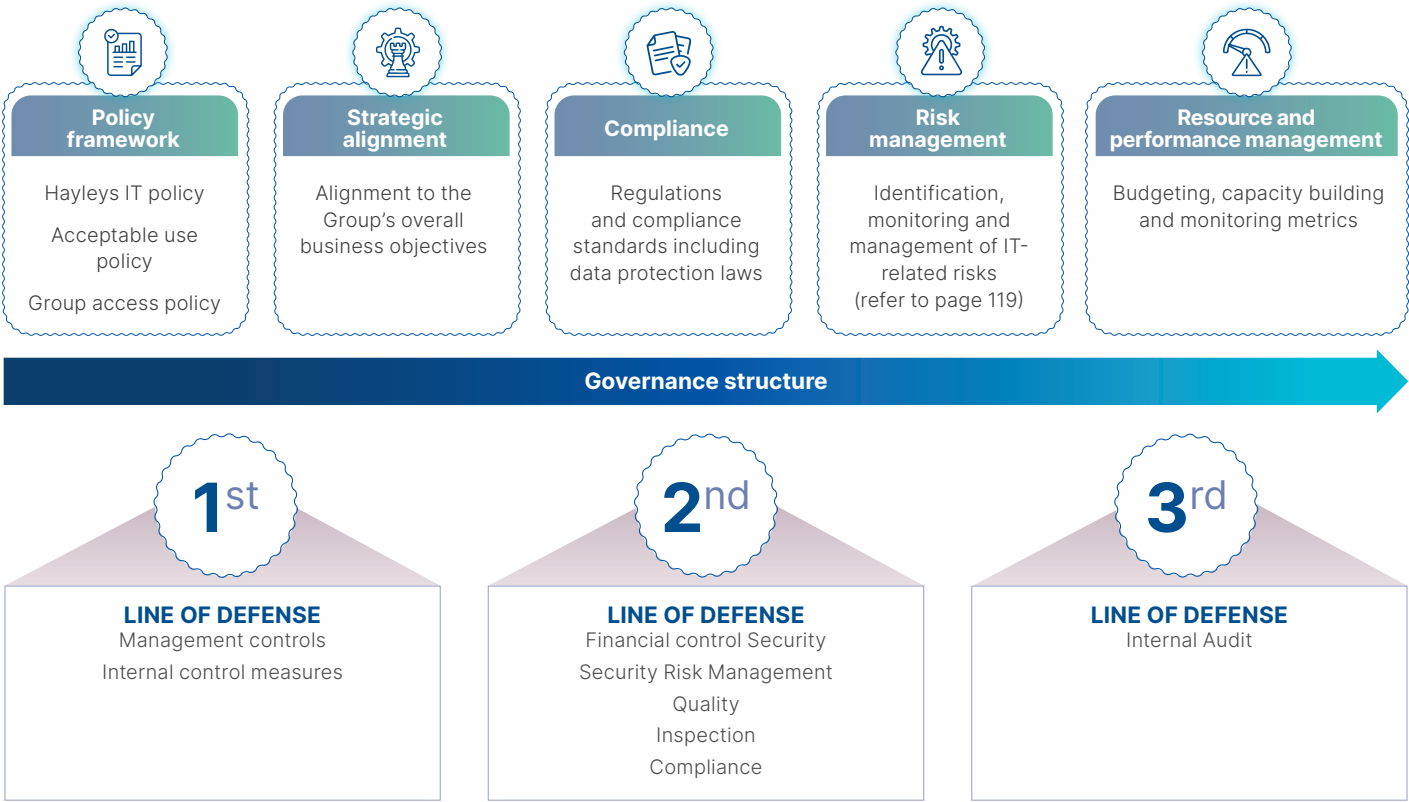
Board interventions on digital transformation and IT governance

- Review and approval of the Group's digital transformation strategy
- Assess the progress of strategic digital initiatives
- Evaluate business case of significant digital transformation programmes such as modernising applications and automating workflows
- Monitor the management of IT and cyber-related risks
- Monitoring the stability and availability of systems

The proposed transition to RISE with SAP, offers Hayleys a unified, flexible and scalable ERP platform, ensuring that businesses stay current with periodic updates and new technology releases. The transition is expected to reduce IT governance costs, optimise license utility and enhance system uptime to drive business transformation and innovation.

The Group's new digital transformation roadmap was also rolled out during the year under review and centers on the five key pillars of digital innovation, digital literacy, change and communication, digital product delivery and data-to-value.

The Group's approach to IT and cybersecurity management includes suitable governance structures, policies and processes as is given below;



Effective risk management

For the Board, risk management entails achieving a suitable balance between leveraging opportunities and mitigating the potential adversities of risk, thereby strengthening the Group's overall resilience. Risks controls and procedures are constantly enhanced to enable better risk identification, assessment, mitigation and monitoring. The Board also considers emerging risks when approving corporate plans and budgets, setting strategies and monitoring performance against budgets.

MEASURES TAKEN TO STRENGTHEN THE GROUP'S RISK MANAGEMENT MECHANISMS DURING THE YEAR INCLUDED THE FOLLOWING:

- Implementation of a Group-wide policy on Risk Management and Internal Controls
- Strengthening ESG risk management in line with the requirements of the SLFRS S1 and S2 Sustainability Disclosure Standards

Discharge of risk-related responsibilities

Function	Mandate and Activities
Board Audit Committee (Please refer to pages 354 to 355 for the Composition, Scope and functions of the Audit Committee)	<ul style="list-style-type: none"> → Oversight responsibility on selecting and applying accounting policies and maintaining an appropriate relationship with the external auditors → Reviews internal control issues and risk management measures identified by Management Audit & System Review Department and evaluate the adequacy and effectiveness of the risk management and internal control systems including financial reporting Engagement with Sectors In addition to Audit Committees in listed subsidiaries, significant unlisted sectors have also established Audit Committees
ESG Steering Committee	<ul style="list-style-type: none"> → Review and monitor ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics Engagement with Sectors All Sectors operate ESG Steering Committees with board representation, facilitating a bottom-up approach to managing ESG-related risks across the Group
Internal Audit (Management Audit & System Review Department - MA&SRD)	<ul style="list-style-type: none"> → Vital role in assessing and strengthening effectiveness of controls and establishing new controls where necessary → Direct channel between the Head of MA&SRD and the Chairman of the Audit Committee without the interference of any Directors or Executives. → Reports are made available to the Chairman & Chief Executive and the Chairman of the Audit Committee
External Audit and Auditor Independence	<ul style="list-style-type: none"> → The Group's external auditors (for financial reporting) are Messrs. Ernst and Young and the principal does not engage in any services which are in the restricted category as stipulated by the CSE for external auditors → The Audit Committee reviews the independence, the skills and experience and the work of the external auditors annually and recommends appointment accordingly to the Board → The Audit Committee conducts an in-camera meeting with the external auditors on completion of the audit to identify any areas of concern → The Audit Committee also monitors non-audit work done by the external auditors to ensure their independence

Corporate Governance

ESG INTEGRATION

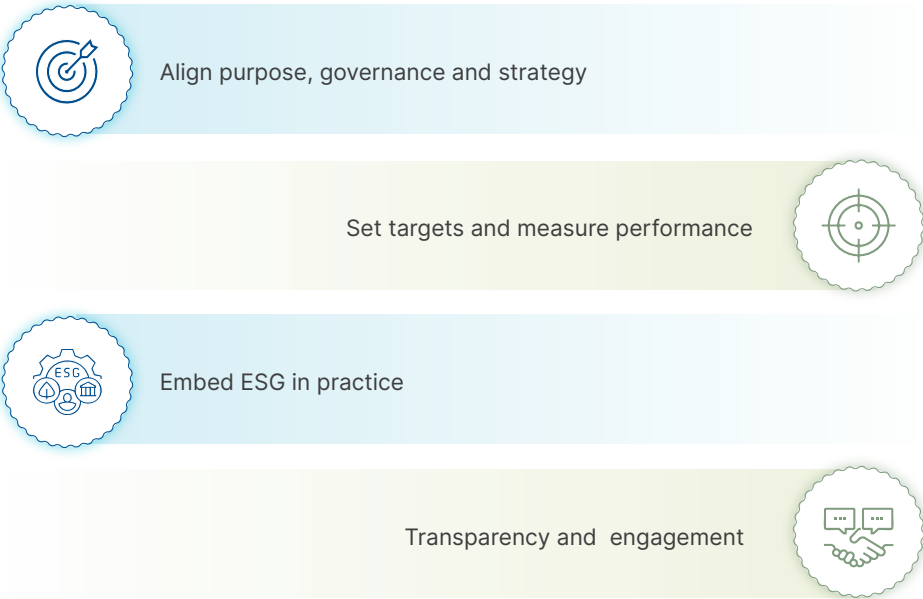
The strategic integration of ESG remains a priority for the Group, reflecting escalating stakeholder concerns on sustainability, increasingly stringent regulatory requirements and an evolving operating landscape. In recent years, the Group has sought to strengthen sustainability governance, as it seeks to embed ESG thinking across decision-making, processes and organisational culture.

ESG Governance

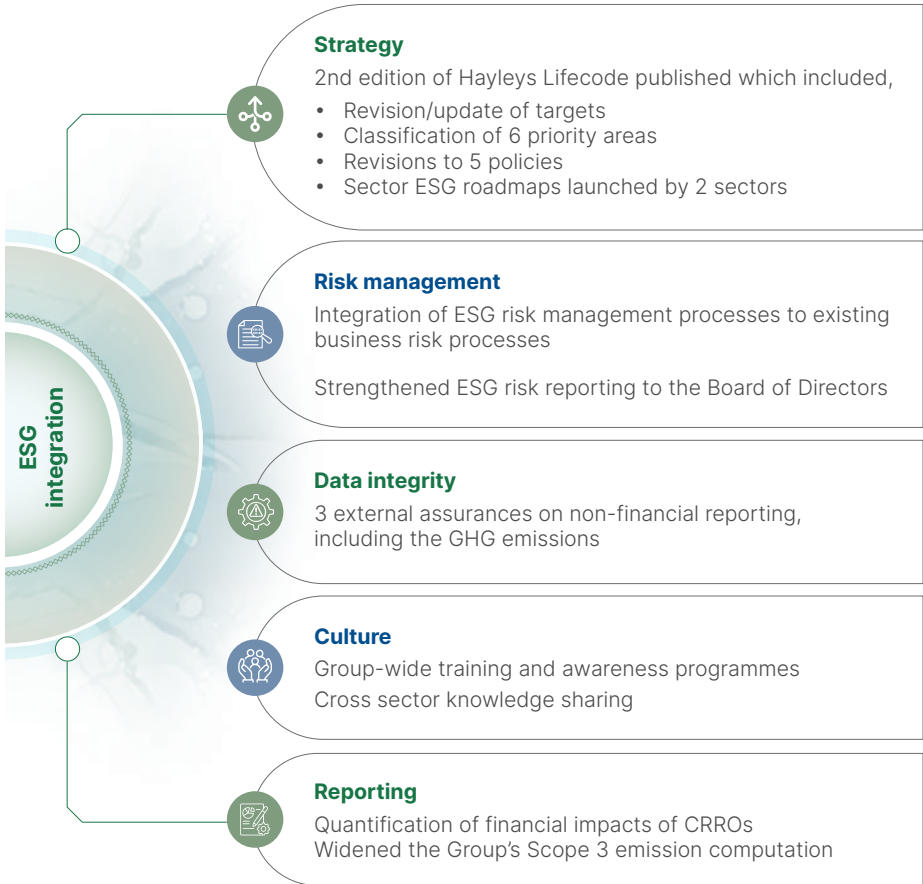
The Board holds overall responsibility of formulating the Group's aspirations, strategies and policies relating to ESG and sustainable development. The Group ESG Steering Committee (comprising 3 Executive Directors and 3 GMC members) assists the Board in the discharge of its ESG-related duties. The mandate of the ESG Steering Committee includes,

- Provide oversight and monitor the execution of the Group's ESG Framework-Hayleys Lifecode including progress against environmental, social and governance targets in the short, medium and long-term
- Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.
- Review and provide guidance on ESG related policies and programmes required to drive the Group's ESG Framework and strategy.
- Review and approve the Group's stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.
- Review emerging trends and issues in the ESG areas and assess potential impact on the Group.

Approach to ESG Integration



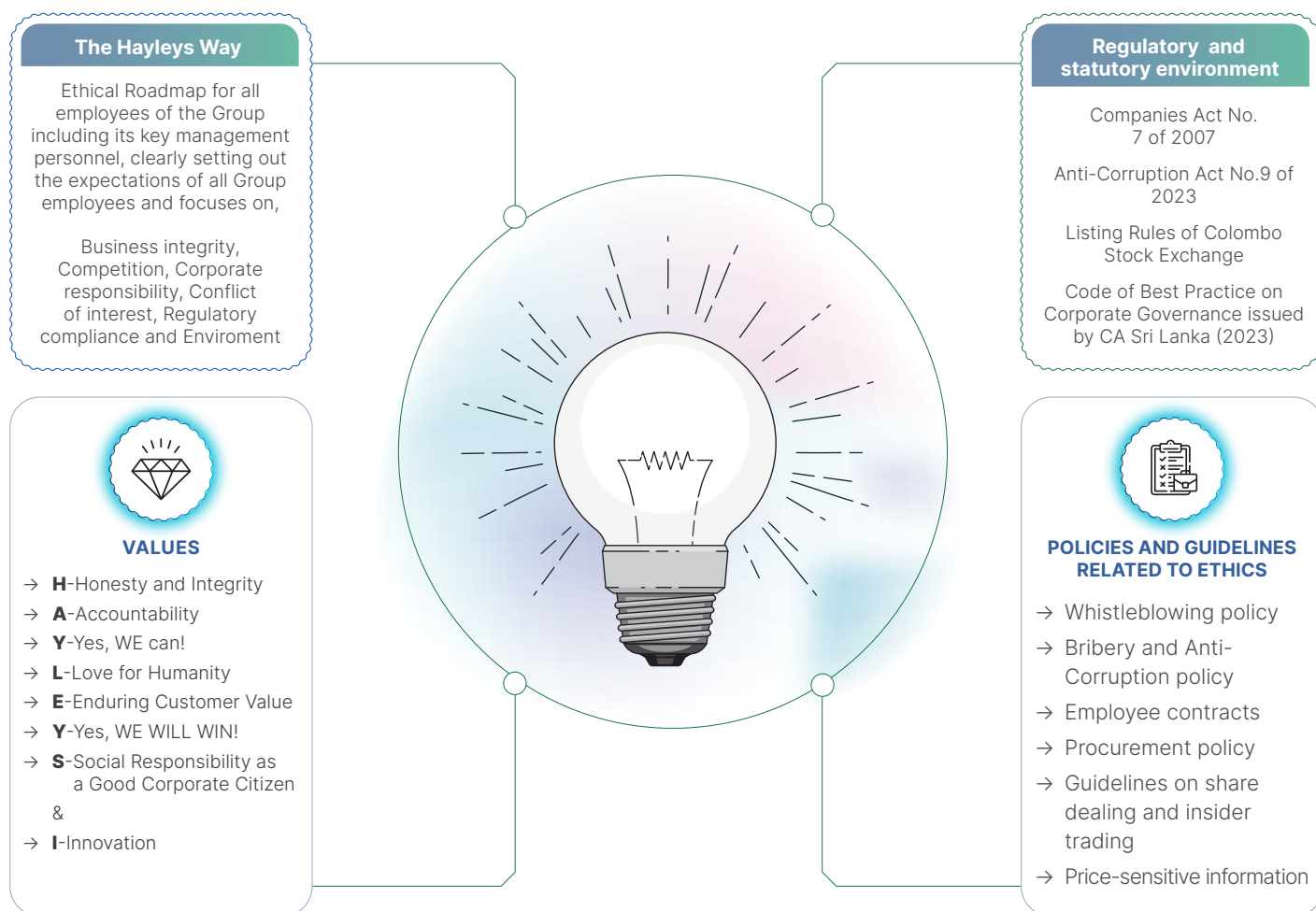
Key achievements in ESG integration in 2024/25



OTHER AREAS OF OVERSIGHT

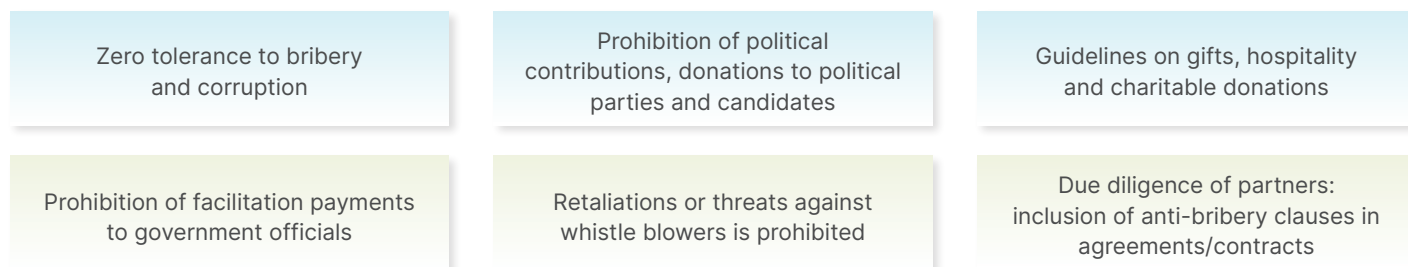
Ethics and Culture

The Board ensures ethical leadership by setting the tone at the top, with all Directors KMPs and employees required to demonstrate integrity, transparency and the highest ethical standards. New regulations together with the national focus on good governance in view of shifts in the country's political landscape led to an organisation-wide emphasis on minimising the risk of bribery and corruption, which ensuring that our ethics framework remains relevant amidst evolving operating conditions.



APPROACH TO BRIBERY AND ANTI-CORRUPTION

Bribery and corruption management is integrated into our compliance and risk management programmes with multiple processes, frameworks and standards in place to govern ethics management, political contributions, gifts, donations and facilitation payments among others. Following the implementation of the new policy last year, emphasis as placed on raising employee awareness and capacity building during the year Key elements of the Policy include,



Corporate Governance

WHISTLEBLOWER POLICY

The Group's Whistleblower Policy provides an effective mechanism for employees to raise concerns where the interest of the organisation is at risk. The Policy ensures confidentiality and anonymity and encourages the reporting of concerns such as fraud, improper conduct and breach of the Hayleys Way among others. Two-way communication is facilitated by providing the Whistleblower feedback on the actions taken if he/she so requests. Key elements of the policy are set out alongside;

Aspects of the Whistleblower Policy

- Guidelines on procedure to raise a concern
- Management responses and steps taken
- Details of the internal inquiry process including composition and quorum of the Internal Inquiring Committee
- Maintaining confidentiality

Conflicts of interest:

The Group-wide Corporate Governance policy sets out guidelines on effectively managing actual and perceived conflicts of interest, particularly relating to Directors. For instance, Board members must inform the Chairperson of the Board and the Company Secretary of their other positions which may be of importance to the Company or the performance of their duties before accepting such positions. Meanwhile, employees are expected to disclose any material interests they may have in outside business interests and obtain prior approval if considered required.


Board engagement relating to culture during the year

- **Employee engagement:** Obtain insights on work environment, employee satisfaction, attitudes, behaviours and best practices through participation in employee events and ongoing engagement
- **Internal audit:** The Board obtains a direct view of the implementation of policies and alignment to ethical standards through assessing the findings of Internal Audit
- **Compliance monitoring:** The Board evaluates the Group's culture of compliance through the ongoing assessment of risks, monitoring adherence to laws and regulations and ensuring that compliance is embedded into decision-making.

	Number of people trained
Employees orientation programme: The Hayleys Way	644
Diversity, equity and inclusion training	>4,700
Data privacy	791

HUMAN RIGHTS

As a signatory to the United Nations Global Compact, Hayleys has committed to Principle 1 and 2 of the UNGC Principles of Human Rights. The Board provides oversight in relation to the management of human rights as part of its commitment to ensuring that business is conducted ethically and responsibly. This occurs through setting the tone at the top, approval of relevant policies, monitoring performance related targets in the Hayleys Lifecode and ensuring compliance.




Policy framework

Group Human Rights Policy

Includes guidelines on,

- Fair treatment
- Non-harassment
- Abolishing child, forced, compulsory labour
- Freedom of association and collective bargaining
- Promoting health and safety



Grievance mechanisms

Internal grievance mechanisms


Open door policy for all employees

Defined grievance mechanism

Whistleblowing policy

External grievance mechanisms

Community grievance handling mechanisms in operating locations



Human rights across supply chain

The Group's Procurement Policy provides guidelines on supplier evaluation criteria which includes assessment of working conditions

- Fair pay
- Child labour
- Forced labour
- Safety standards

Our Commitment

- Nurturing a diverse, inclusive and equitable culture
- Ensuring physical and mental well-being
- Building responsible and sustainable supply chains
- Preserving the rights of local communities
- Managing the Group's environmental footprint

STAKEHOLDER RELATIONSHIPS

The Board strives to ensure that communication with stakeholders is transparent, open and effective. In the execution of its governance responsibilities, the Board drives an inclusive approach that balances the often-conflicting interests of all stakeholders. Further details on the Group's stakeholder engagement is available on page 94 of this Report:

Shareholder engagement

The Group ensures that the rights of all shareholders are preserved and has established procedures to ensure the fair and equitable treatment of all shareholders. As described on pages 94 to 97, an array of measures is also in place to ensure that shareholder views are identified and fully considered. Platforms driving shareholder communication are as follows

- **Annual General Meeting:** The AGM is the main forum for engaging with shareholders and the Group has a history of well attended shareholder meetings

- **Quarterly results updates** with accompanying reviews and timely updates of price sensitive information to the Colombo Stock Exchange

- **Hayleys website:** Includes comprehensive information including Annual Reports, interim reports, investor presentations, ESG related information and department-level information

- **The Annual Report:** A track record of setting benchmarks for corporate reporting affirms the Group's commitment to disclosure and transparency. Assurance on financial statements, sustainability information and compliance with the Integrated Reporting Framework supports the reliability of the information contained in the annual report which provides comprehensive information on relevant matters to the shareholders. The Reports and other information are available on the Company's website and price sensitive information is also available on the Colombo Stock Exchange website.

- **Interaction through Corporate Secretarial Division:** Shareholders have the opportunity to directly address concerns, suggestions or any other queries to the Corporate Secretarial Division of Hayleys PLC.

Preserving the rights of minority shareholders

Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. They are also encouraged to participate in General Meetings of companies and exercise their voting rights. Information is disseminated to all shareholders. Any information that the Board considered

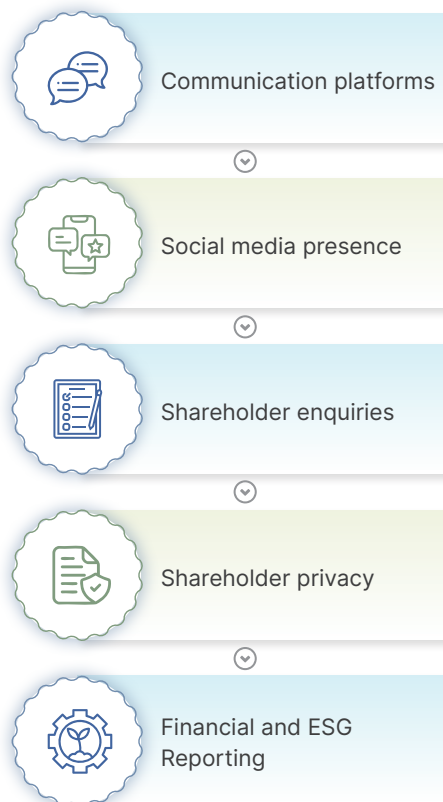
as price sensitive is disseminated to the shareholders by way of announcements to the CSE and press releases by either the Chairman and Chief Executive or the Company Secretaries as appropriate.

There are meetings with shareholders (based on their requests) on matters which are relevant and of concern to the general membership. Voting of the shareholders is critical in carrying out a resolution at the AGM.

Shareholder and Investor Communications Policy

Purpose of policy: Ensuring that all shareholders and investors have equal and timely access to accurate and publicly available information about the Company

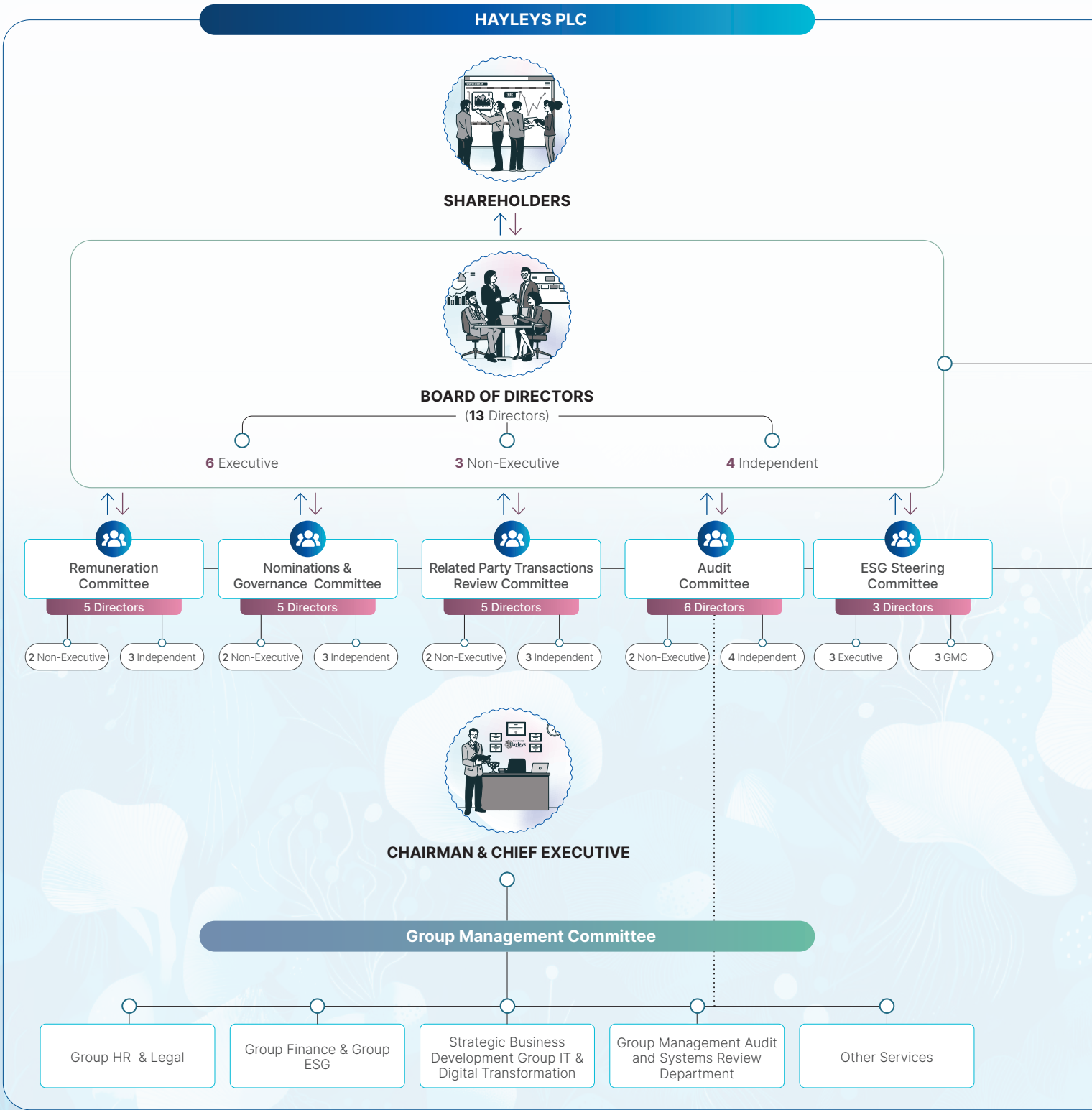
Includes details on,



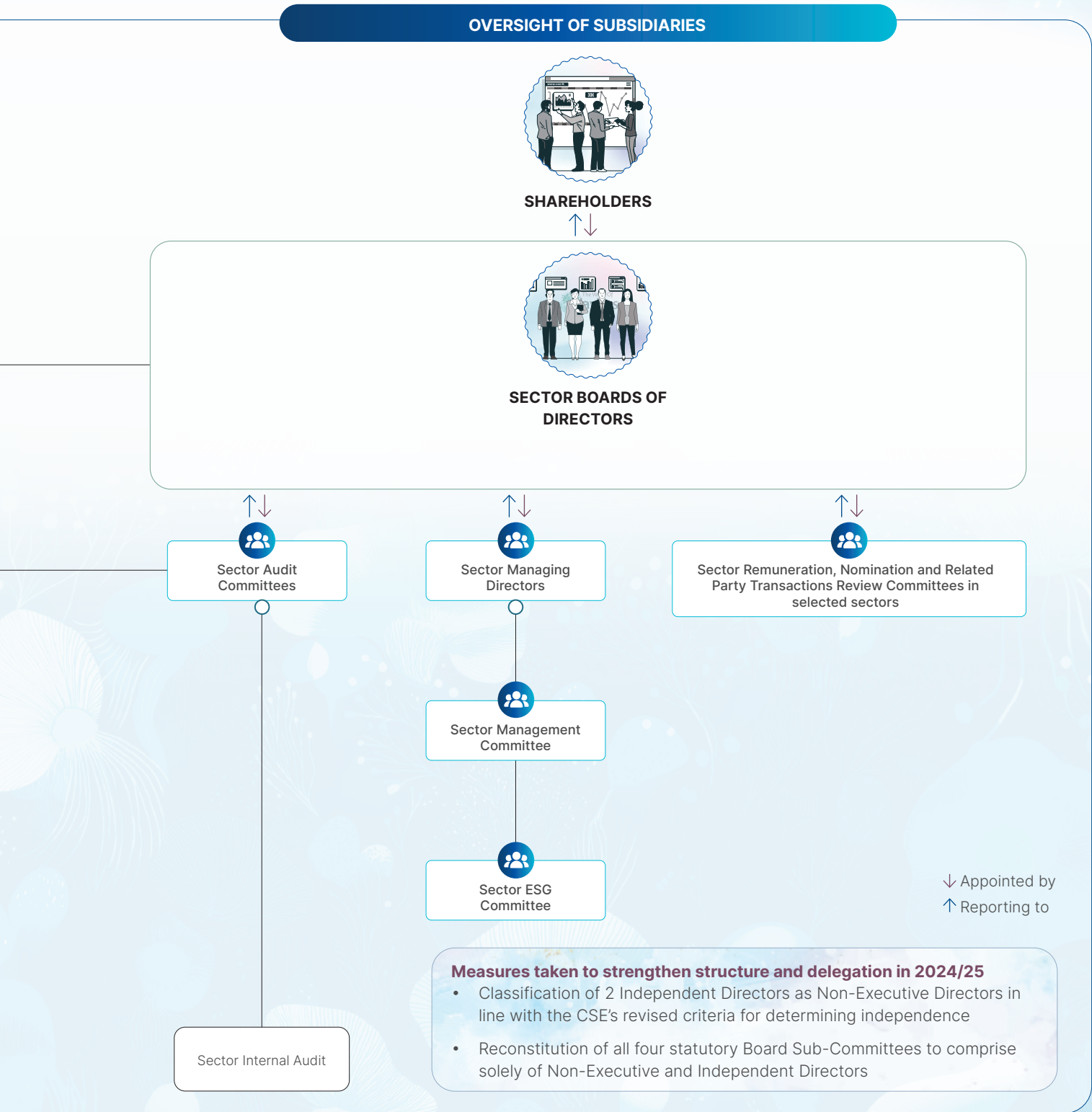
Corporate Governance

STRUCTURES AND DELEGATIONS

The Group's governance structure has evolved over time to reflect the increasing diversity and depth of the Group's operations. As set out below, the Board of Hayleys PLC has line of sight to the Group's industrially and geographically diverse businesses and is adequately



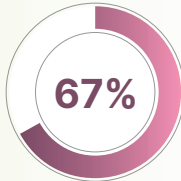
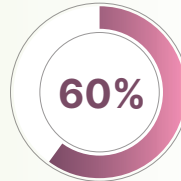
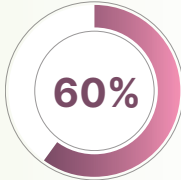
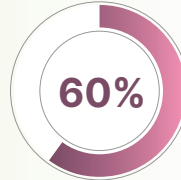
robust to enable judicious delegation and the agility to respond to requirements of a large entity operating across multiple jurisdictions.




Corporate Governance

BOARD SUB-COMMITTEES

The Group's governance structure and provisions for responsibility assignment strengthen independent judgement while providing opportunities to leverage director's expertise in specialised areas such as risk management, audit and sustainability. When determining committee composition, the Board considers relevant regulations, the skills and experience of its members and responsibilities of the Committee. Each Board sub-committee has a formal Terms of Reference that is reviewed annually. Please refer to pages 354 to 360 for further information on the activities of the Sub-Committees during the year.

<p>Audit Committee (Refer pages 354 to 355 for Report of the Committee)</p> <ul style="list-style-type: none"> → Evaluating the integrity of the financial statements and adequacy of internal controls → Review of the key risk exposures and measures in place to mitigate risks → External audit → Internal audit <p>Relevance to value FC MC IC</p> <p>Focus on strategic priorities 🧠 📊</p> <p>% of committee members who are independent  67%</p> <p>Skill mix</p> <ul style="list-style-type: none"> • Finance • Law and commercial arbitration • Banking • Corporate leadership 	<p>Remuneration Committee (Refer page 358 for Report of the Committee)</p> <ul style="list-style-type: none"> → Remuneration policy for Group with particular reference to Key Management Personnel → Organisation structure → HR Policy → Goals and targets for Key Management Personnel → Performance evaluation <p>Relevance to value FC HC</p> <p>Focus on strategic priorities 🧠</p> <p>% of committee members who are independent  60%</p> <p>Skill mix</p> <ul style="list-style-type: none"> • Finance • Banking • Corporate leadership
<p>Nominations and Governance Committee (Refer pages 356 to 357 for Report of the Committee)</p> <ul style="list-style-type: none"> → Appointment of Key Management Personnel → Establish and maintain a formal procedure for the appointment of new directors → Succession planning → Code of Ethics → Effectiveness of the Board and its Sub-Committees <p>Relevance to value HC SC IC</p> <p>Focus on strategic priorities 🧠</p> <p>% of committee members who are independent  60%</p> <p>Skill mix</p> <ul style="list-style-type: none"> • Corporate leadership • Law and commercial arbitration • Finance 	<p>Related Party Transactions Review Committee (Refer pages 359 to 360 for Report of the Committee)</p> <ul style="list-style-type: none"> → Review of all proposed related party transactions of the Group → Monitor that all related party transactions are transacted on normal commercial terms → Oversight on disclosure of related party transactions <p>Relevance to value FC SC IC</p> <p>% of committee members who are independent  60%</p> <p>Skill mix</p> <ul style="list-style-type: none"> • Corporate leadership • Banking • Accounting and Finance

ESG Steering Committee	
<ul style="list-style-type: none"> → Oversight and monitor the execution of the Hayleys Lifecode → Review and provide guidance on ESG related policies and programmes → Review emerging trends and issues in the ESG areas 	<p>Composition 3 Executive Directors 3 GMC Members</p>
<p>Relevance to value</p> <p>HC SC NC</p> <p>Focus on strategic priorities</p> 	<p>Skill mix</p> <ul style="list-style-type: none"> • Corporate leadership • Business sustainability • Human resource management • Finance

THE GROUP MANAGEMENT COMMITTEE (GMC)

The Hayleys Group Management Committee is the apex management committee of the Group. It is chaired by the Chairman & Chief Executive and includes the Group's Executive Directors, Sector Heads, Group Chief Financial Officer and Head of Group Legal and Human Resources. The GMC contributes towards effective governance through weekly meetings deliberating on,

- Sector-level developments including trends in the operating environment, monthly performance updates and other matters
- Updates from Hayleys PLC center functions including HR, Treasury, Corporate Communications, Group Tax, Strategic Business Development and Group ESG
- Any emerging developments which are pertinent to the Group's performance

THE COMPANY SECRETARY

Hayleys Group Services (Private) Limited which provides secretarial services to the Company and the Group, is headed by an Attorney-at-Law, who is a qualified Chartered Secretary, ably assisted by professionally qualified registered company secretaries. Shareholder matters are managed in-house by the Registrar division of Hayleys Group Services (Private) Limited.

The role of the Company Secretary has been defined in line with the provisions set out in the Code and include the following:

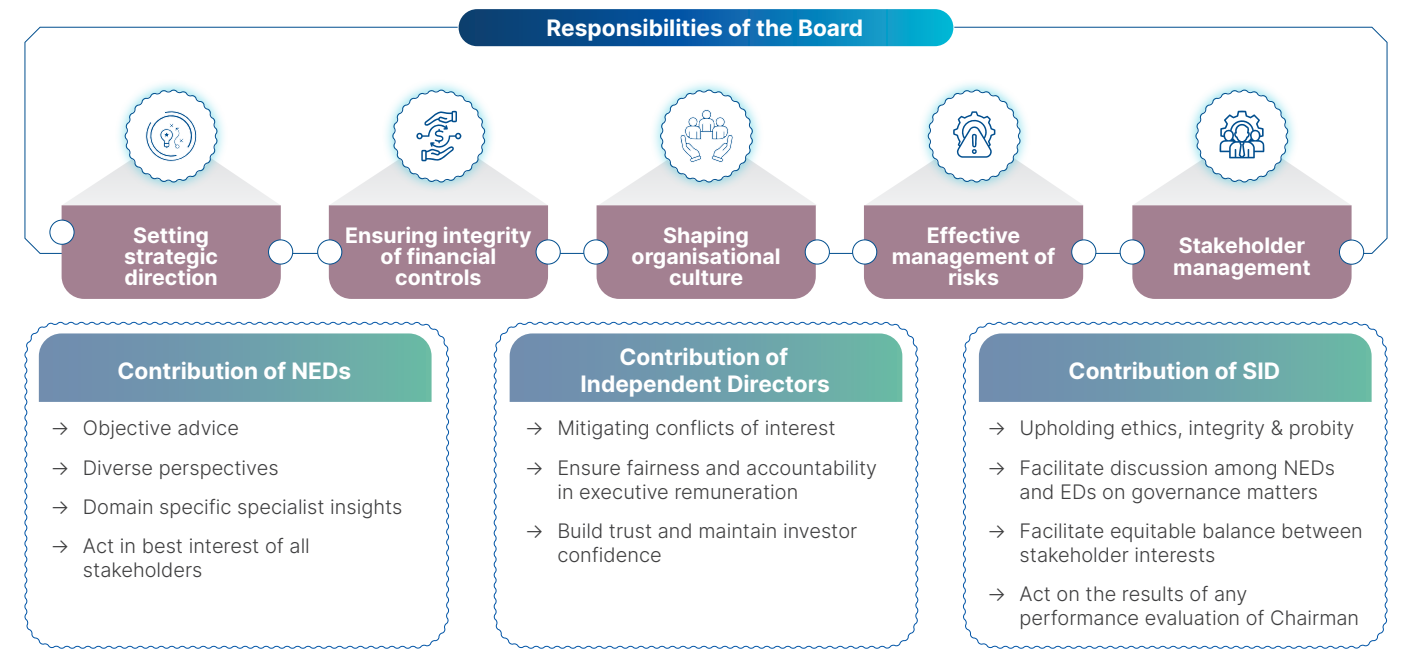
- Facilitating the efficient conduct of monthly Board meetings and all Sub Committee meetings (Audit, Related Party Transactions Review Committee, Remuneration and Nominations and Governance Committee) as well as facilitating the Senior Independent Directors meetings.

- Ensuring that all proceedings of meetings are duly minuted and maintain the signed meeting minutes in minute books.
- Ensuring that all Board Committees are properly constituted and provided with clear terms of reference
- Ensuring that the Annual General Meeting is held in line with regulatory requirements and that all notices, forms and reports necessary for the meeting are disseminated with approval of the Board
- Maintaining the registers required by regulations and filing of all statutory returns and documents with the Registrar of Companies
- Advising Directors with respect to their duties and responsibilities in compliance with regulatory requirements
- Act as a channel of communication and information for the Non-Executive Directors.
- Ensuring good relationships with shareholders
- Filing and updating information of the Company with the Registrar of Companies.
- Making timely disclosures to the Colombo Stock Exchange in terms of the listing rules and other regulatory bodies including disclosures on related party transactions.

BALANCE OF POWER

The balanced distribution of authority among Executive, Non-Executive and Independent Directors enhances decision-making while promoting independent judgement. The roles and responsibilities of the Board of Directors are clearly set out in the Board Charter and summarised below:

Corporate Governance

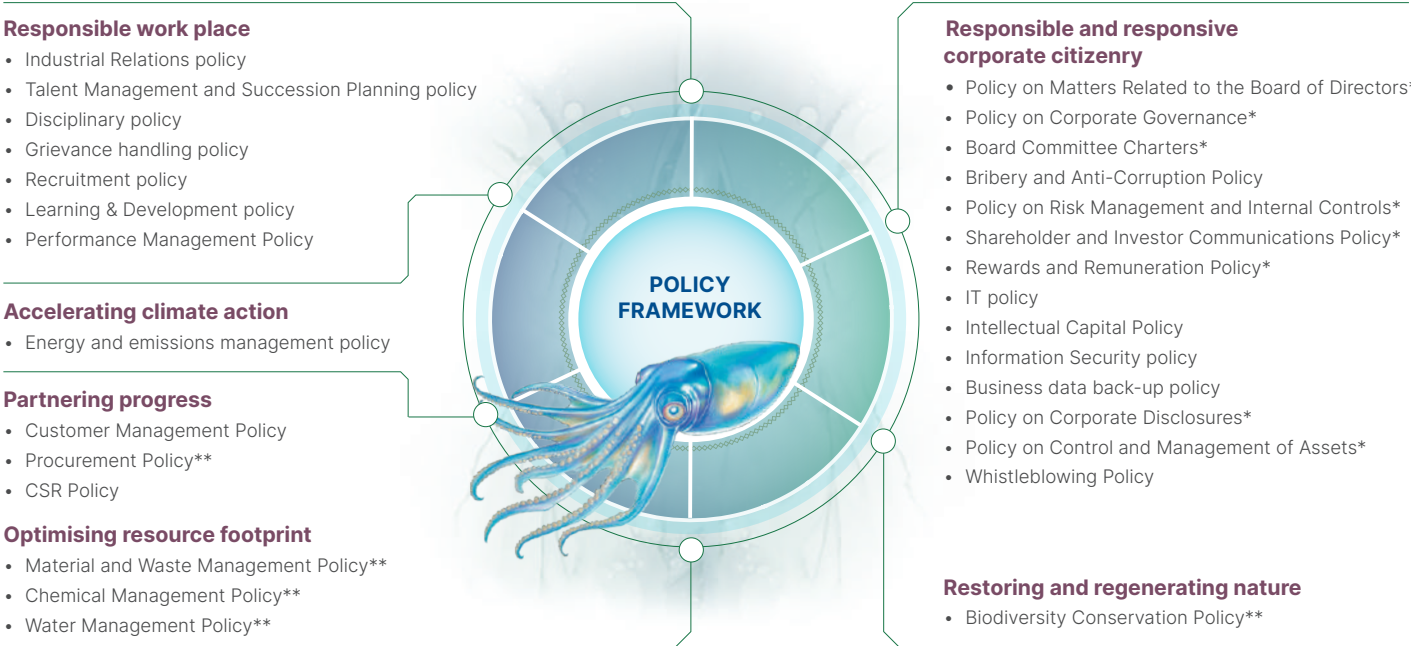


POLICY FRAMEWORK

A comprehensive and robust policy framework (listed below) applicable across all Group entities ensures a structured and consistent approach to processes and decision-making. Policies are reviewed and revised annually to ensure relevance in evolving operating conditions.

Changes to policy framework during the year

- In line with the requirements of the new Listing Rules, the 8 policies denoted by an asterisk (*) in the list below were revised and published on the Company website during the year. The four other policies that were required (Bribery and Anti-Corruption, Whistleblowing, ESG and Code of Conduct) had already been published.
- Revision of 5 policies under the Hayleys Lifecode (denoted by double asterisks).



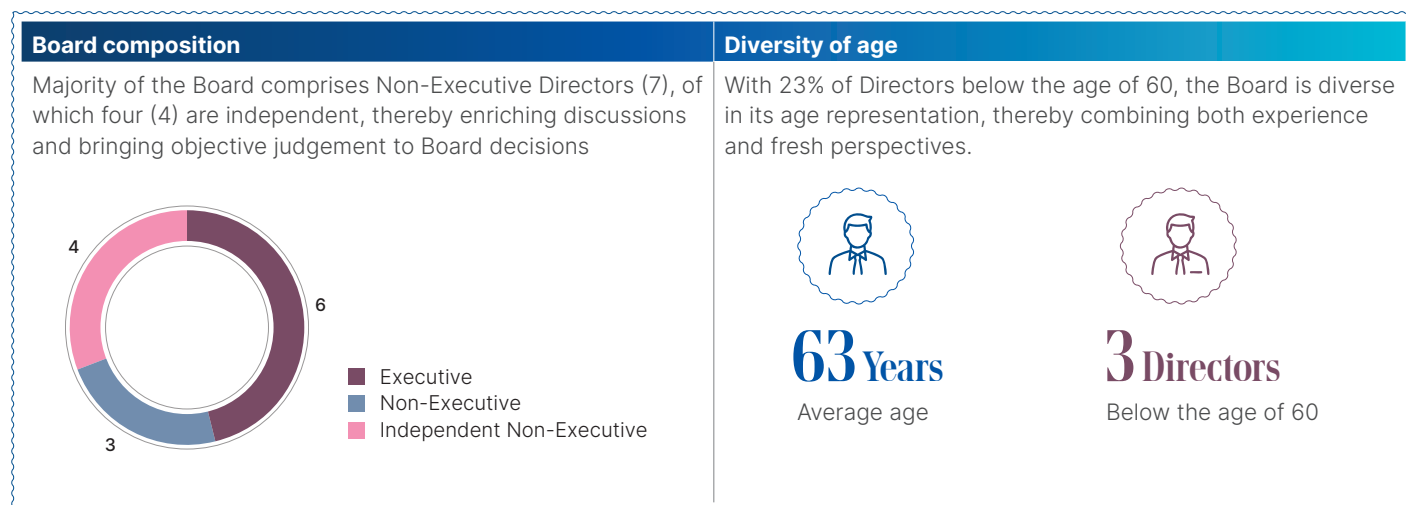
The Group's procurement policy was strengthened during the year and includes the following key revisions:

- Roles and responsibilities
- Procurement process
- Procurement methods
- Supplier relationship management
- Contract management
- Risk management in procurement
- Sustainable procurement

STRATEGIC LEADERSHIP

Skilled and diverse Board

The Board comprises an appropriate balance of skill, independence, knowledge, experience and diverse perspectives to discharge its responsibilities effectively. As at end-March 2025, the Board consisted of 13 Directors, comprising 6 Executive Directors and 7 Non-Executive Directors, of whom 4 were independent. The composition ensures that the Board is collectively equipped to drive the Group's strategy and value creation (refer to pages 46 to 49 for detailed profiles of Directors).



Changes to Board: During the period under review Mr. K. D. D. Perera and Mr. A. J. Alles were appointed as a Non-Executive Director and Independent Non-Executive Director respectively (refer to pages 46 to 49 for profiles). Mr. M. H. Jamaldeen who served as an Independent Non-Executive Director resigned from the Board with effect from November 14, 2024, while Dr. H. Cabral, PC and Mr. K. D. G. Gunaratne were reclassified as Non-Executive Directors in December 2024.

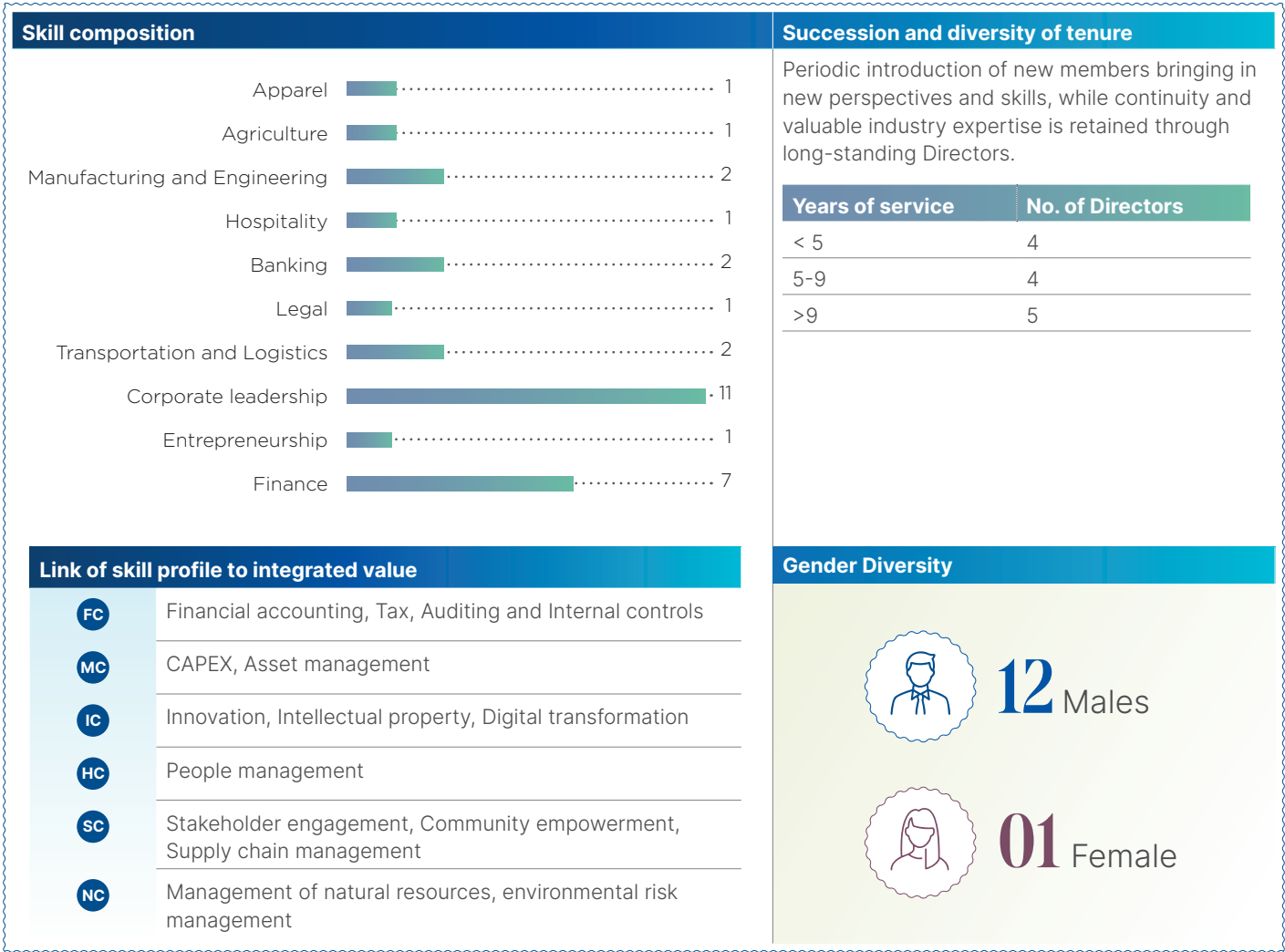
Fit & Proper Assessment: The Group's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfied the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

APPOINTMENTS TO THE BOARD

Board appointments follow a formal and transparent manner, as determined by the Nominations and Governance Committee, which assesses the Group's strategic demands as well as diversity,

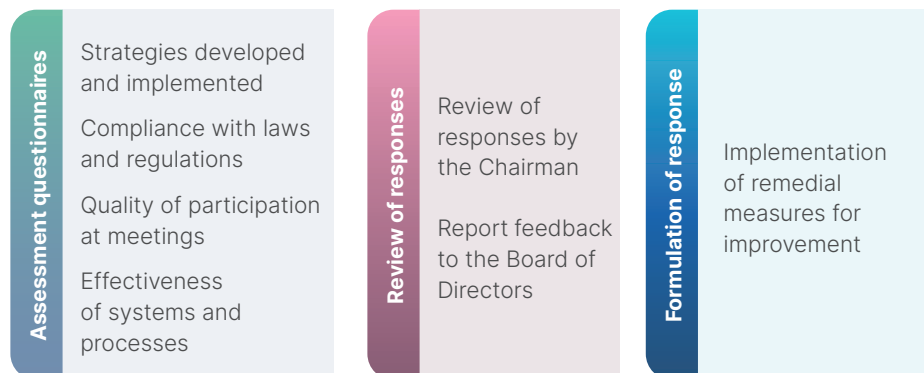
- 1/3rd of Directors in office retire at each AGM by rotation, with the directors who have served for the longest period since their appointment/re-appointment retiring first
- Retiring Directors are eligible for re-election
- The Board can appoint directors to fill any casual vacancies that may arise during the year and such directors can hold office until the next AGM and seek election by the shareholders

Corporate Governance



BOARD ASSESSMENT

The Board evaluates its performance and that of its committees on an annual basis. Areas of assessment include appropriateness of the Board composition, mix of skills and ability to deliver strategic aspirations. The Chairman and Nominations and Governance Committee are responsible for evaluating the performance of the Executive Directors and Committees through an annual self-evaluation of its own performance. The responses are submitted to the Chairman for discussion at a Board Meeting



OUTLOOK

The Group will continue to further refine and improve its governance processes in aligning with emerging internal and external developments, stakeholder considerations and strategic objectives as it seeks to build a fit-for-purpose and increasingly agile governance approach. Focus areas for 2025/26 are outlined below:

- Digital transformation across the Group
- Growth strategy centered on new markets and value-added product segments
- Assess potential impacts of emerging trade dynamics
- Effective management of risks

REMUNERATION REVIEW

The Group's remuneration framework remains relevant to the operating landscape, fit-for-purpose and designed to ensure alignment with the Group's strategic aspirations. The performance criteria are set at a level which drives high performance, but precludes excessive risk-taking behaviour. During the year, the Group further strengthened its remuneration practices through enhancing its remuneration policy framework.

Remuneration Governance

The Board Remuneration Committee provides oversight regarding remuneration-related matters within its mandate. The Committee thereby determines the remuneration of the Chairman/Chief Executive and the Executive Directors and

sets guidelines for the remuneration of the management staff within the Group. The Report and summarised terms of reference the Remuneration Committee Report are set out on page 358. Additionally, some selected sector holding companies which are Groups in their own right, have also established their own remuneration committees to address the specific concerns within the industry in which it operates.

The Board as a whole determines the remuneration of the NED's who receive a fee for being a Director of the Board and additional fee for being a member of a Committee. They do not receive any performance related incentive payments. Remuneration Committee consults the Chairman about its proposal relating to the remuneration of other Executive Directors and have access to professional advice from within and outside Hayleys PLC, in discharging their responsibilities. No Director is involved in deciding his own remuneration.

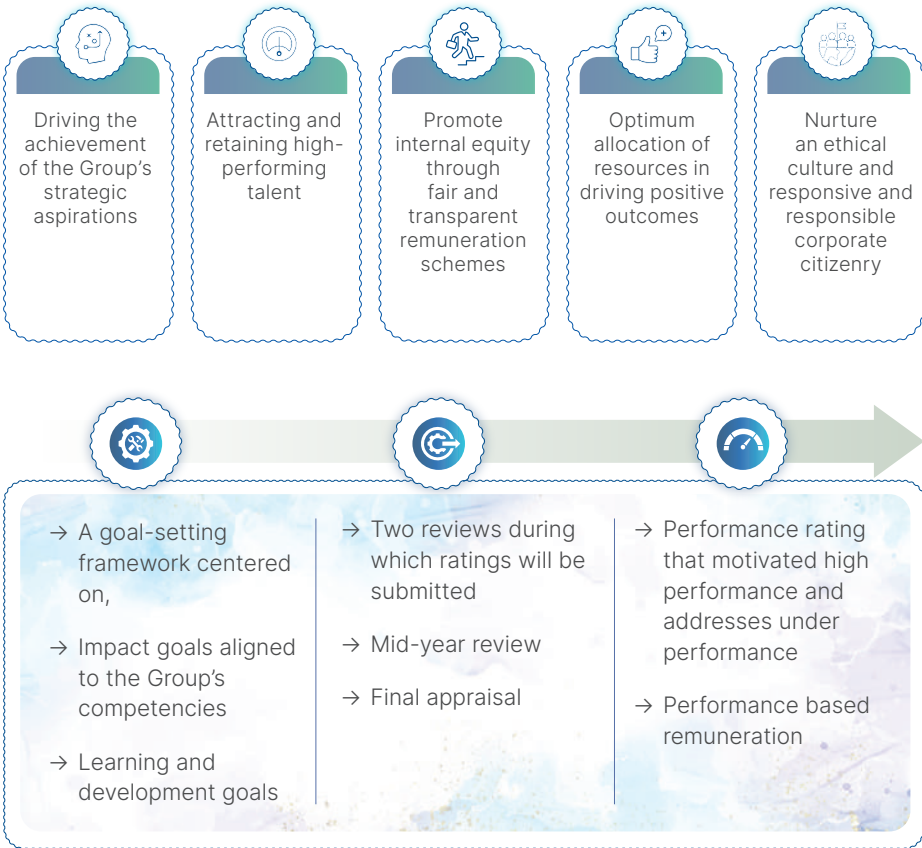
Key decisions and activities of the Remuneration Committee

- Review the performance of the Chairman & Chief Executive, Executive Directors and Group Management Committee based on defined targets and determined the bonus payable and the annual increments.
- Reviewed Executives' compensation and implemented market corrections to Executives total compensation in line with the market median.
- Recommended the bonus payable and annual increments to be paid to Executive and Non-Executive staff based on the ratings of the Performance Management System.

Corporate Governance

Remuneration Policy

This Group's Remuneration Policy was strengthened during the year; the policy details how the organisation's total rewards should be managed with the aim of aligning rewards and remuneration with the organisation's business strategy, objectives, risk tolerance levels, values and long-term interests. Key objectives of the policy are,



Level and make-up of Remuneration

A performance-based incentive has been determined by the Remuneration Committee to ensure that the total earnings of the executives are aligned with the achievement of objectives and budgets of the Group companies. Presently the Group does not have an Executive Share Option Schemes. The Remuneration Committee follows the provisions set out in Schedule D of the Code as required. No special early termination clauses are included in the contract of employment contract of Executive Directors that would entitle them to extra compensation. However, any such compensation would be determined by the Board of Directors.

The Remuneration Committee determines the combination of remuneration needed to attract, retain and motivate Executive Directors of the quality required to achieve corporate goals. The Remuneration Committee ensures that the remuneration of


executives of each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is competitive with those of comparative companies.

Remuneration for Non-Executive Directors reflect the time commitment and responsibilities of their role, taking into consideration market practices. Non-Executive Directors are not included in share options as there is no scheme in existence.


The Report of the Remuneration Committee is set out on page 358 which includes a statement on Remuneration Policy. Please refer page 406 for the total Directors' Remuneration.

Aligning strategy to remuneration


Remuneration structures are designed to assist us in measuring our performance against our strategic objectives using relevant performance indicators




Open and transparent



Fair and free from discrimination



Market competitive



Created performance orientation

Remuneration elements



Base
pay



Fixed
allowance



Variable
pay

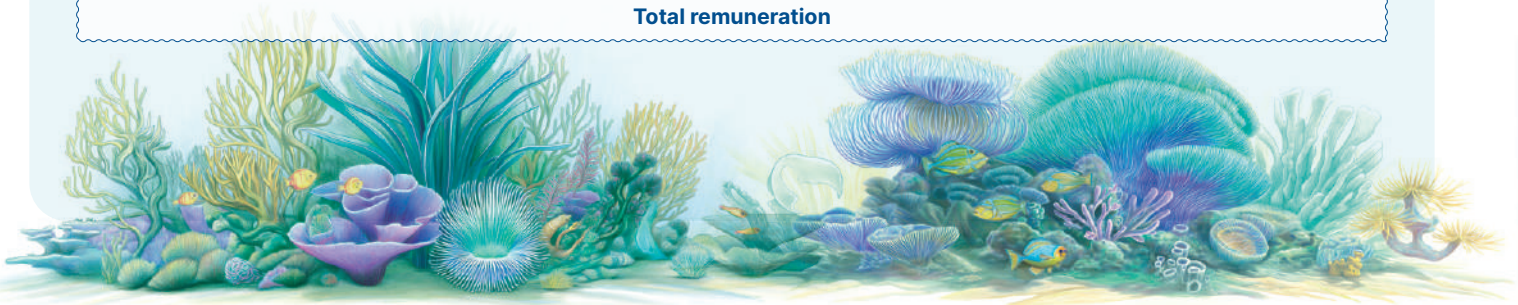


Defined
contribution
and Gratuity

Guaranteed cash

Total cash

Total remuneration



Statement of Compliance pertaining to the Companies Act No. 7 of 2007

Section	Requirement	Complied	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof during the accounting period.	Yes	Annual Report of the Board of Directors (Section 2.1)
168 (1) (b)	Signed financial statements of the Company and the Group for the accounting period	Yes	Financial Statements
168 (1) (c)	Auditors' Report on financial Statements of the Company and the Group	Yes	Independent Auditor's Report
168 (1) (d)	Accounting policies and any changes therein	Yes	Note 3 to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period.	Yes	Annual Report of the Board of Directors (Section 2.6)
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company and the Group during the accounting period.	Yes	Annual Report of the Board of Directors (Section 2.7)
168 (1) (g)	Corporate donations made by the Company and the Group during the accounting period.	Yes	Annual Report of the Board of Directors (Section 2.8)

Corporate Governance

Section	Requirement	Complied	Reference (within the Report)
168 (1) (h)	Information on the Directorate of the Group and its subsidiaries during and at the end of the accounting period	Yes	Annual Report of the Board of Directors (Section 11)
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Yes	Annual Report of the Board of Directors (Section 22)
168 (1) (j)	Auditors' relationship or any interest with the Group and its Subsidiaries	Yes	Annual Report of the Board of Directors (Section 22)
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Annual Report of the Board of Directors

Compliance with CSE Continuing Listing Rules – Section 7.6

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Page Reference
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Compliant	Report of the Board of Directors Pages 340 to 349
7.6 a(iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Compliant	Share Information pages 502 to 504
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Compliant	Share Information pages 502 to 504
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on pages 115 to 122
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital on pages 309 to 319
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant	Statement of Value of Real Estate Pages 498 to 501
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors Pages 340 to 349
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Share Information pages 502 to 504
7.6 (xi)	Ratios and Market Price Information		Refer pages 502 to 504
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Please refer pages 498 to 501
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	Company did not raise funds during the year
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	Company does not have Employee Share Ownership Schemes
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	Corporate Governance Report pages 77 to 81

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Page Reference
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. Details of investments in a Related Party and amounts due from a Related Party	Compliant Compliant	Refer Related party transaction on page 475 Details are set out in pages 472 to 474
7.6 (xvii) to 7.6 (xxii)	Disclosure relating to Foreign Currency denominated Securities, listed GSS+Bonds, Perpetual Debt Securities, Infrastructure Bonds, Shariah compliant Debt Securities, High Yield Corporate Debt Securities	N/A	N/A
7.7	Securities Certificates	N/A	Share certificates were dematerialised in accordance with the Directive under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)
7.8	Disclosure of Dealings by Directors and CEOs	Compliant	Report of the Board of Directors Pages 340 to 349

NEW CORPORATE GOVERNANCE RULES

The Company complied fully with the revised Corporate Governance Rules applicable to listed entities stipulated under Section 9 of the Listing Rules of the Colombo Stock Exchange. The Company and the Group also adopted the revised Code of Best Practice on Corporate Governance (2023) by CA Sri Lanka

Compliance with CSE Corporate Governance Principles – Revised Section 9 of the Listing Rules

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.1.3	A statement confirming compliance with Corporate Governance Rules	Compliant	The Company has stated that it complies with the Corporate Governance Rules within the Report of the Board of Directors.
9.2.1-9.2.3	Policies	Compliant	The Company established and continues to maintain the policies on Matters relating to the Board of Directors, Board Committees, Corporate Governance, Nominations and Re-election, Remuneration, Internal Code of Business Conduct and Ethics for all Directors and Employees including policies on trading in the Company's listed securities, Risk Management and Internal Control, Relations with Shareholders and Investors, Environment, Social Governance and Sustainability (Hayleys Lifecode'), Control and Management of Company Assets, and Shareholder Investments, Corporate Disclosures, Whistleblowing and Anti Bribery and Corruption. The framework of 5 Policies were revised during the year to align with the Hayleys Lifecode and all policies are published on the Hayleys website www.hayleys.com .
9.2.4	Request by shareholders	Compliant	Policies are made available to shareholders upon a written request
9.3.1	Board Committees	Compliant	The Company continues to maintain the Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee (RPTRC). The Committees are functioning effectively and the Audit and RPTRC meet on a quarterly basis. The other two committees meet as and when necessary.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.3.2	Composition and disclosures	Compliant	All the Committees comply with the required rules. Please refer the respective Committee Reports.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Complaint	Company maintains records of all resolutions passed at General Meetings.
9.4.2 (a) – (d)	Communication and Relations with shareholders	Complaint	<p>The Company has a Shareholder Communication and Relations Policy, and it is published on the corporate website.</p> <p>The contact person is mentioned.</p> <p>The policy includes a process whereby Directors are informed of major issues and concerns of shareholders through the Company Secretaries.</p> <p>Guidelines of the Stock Exchange are followed if shareholder meetings are held as virtual or hybrid meetings</p>
9.5.	Policy on matters relating to the Board of Directors	Complaint	The Company maintains a Policy on Matters relating to the Board of Directors which addresses the requirements in rules 9.5.1 and 9.5.2
9.5.1 (a)	Formal policy governing matters relating to the Board	Complaint	The Company maintains a balance of representation between Executive and Non Executive Directors and has adopted a procedure for the appraisal of Board performance and appraisal of the CEO. Details are given in page 73.
9.5.1 (b)(i)	Chairperson and CEO	Complaint	The roles of the Chairperson and CEO are combined and held by the same person. The rationale for combining the two roles is given in Note 11.2 of the Annual Report of the Board of Directors
9.5.1 (b)(ii)	Board Charter	Complaint	The Board Charter contains the Terms of Reference and powers of the SID. Refer Senior Independent Directors Report.
9.5.1. (c)	Diversity in Board Composition	Complaint	There is diversity in the composition of the Board and a range of skills, competencies, gender, industry and age. Details are set out in pages 71 to 72
9.5.1.(d)	Maximum number of Directors	Compliant	Maximum number of Directors is fourteen (14). Executive Directors represent the business verticals. Due to the need to have a balance between Executive and Independent Directors the maximum number is set at fourteen in the Articles of Association.
9.5.1 (e)	Frequency of Board meetings	Compliant	The Board meets on a monthly basis to review the sector performance against set targets and important matters relating to Group Companies.
9.5.1 (f)	Mechanism to keep the Directors updated on the Listing Rules and ongoing compliances	Compliant	Presentations are done during meetings to update the Directors on changes to Listing Rules and ongoing compliances together with an overview of obligations arising under such rules.
9.5.1 (g)	Minimum number of meetings a Director must attend	Compliant	A Director is required to attend at least seven (7) meetings (50%) of the meetings out of the Thirteen (13) meetings held during year, in order to avoid being deemed to have vacated his position.
9.5.1 (h)	Trading in securities	Compliant	The Policy on Matters Relating to the Board of Directors stipulates the requirements regarding trading in securities.
9.5.1 (i)	Maximum number of Directorships	Compliant	The Company Policy on Matters Relating to the Board of Directors stipulates that the maximum number of Directorships a Director can hold in listed companies is twenty (20).
9.5.1 (j)	Right to participate in meetings via audio Visual Communication	Compliant	The Company Policy on Matters Relating to the Board of Directors permits Directors to participate in Board and Sub Committee meetings via audio visual communication.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.5.2	Compliance with the requirements of the Policy	Compliant	The Company is fully compliant with the requirements of the Policy on Matters relating to the Board of Directors
9.6 (1) & 9.6 (2)	Chairperson and Chief Executive Officer	Compliant	Since the Chairperson and the CEO of the Company is the same person, a market announcement was made on 1st November 2023 stating the rationale for combining the two roles
9.6.3	Senior Independent Director (SID)	Complaint	The Company has a Senior Independent Director since the Chairperson and the CEO are the same person.
9.6.3. (b)	Senior Independent Director	Compliant	The Independent Directors met once during the Financial year 2024/25, chaired by the SID without the presence of other Directors to discuss matters and concerns relating to the Company and Group and the operations of the Board. Thereafter the SID provided feedback and recommendations to the Chairman and the other board members.
9.6.3. (c)	Senior Independent Director	Complaint	The SID chaired a meeting once during the Financial year 2024/25 with the Non Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3 (d)	SID has a casting vote	Compliant	The SID is entitled for a casting vote in the meetings convened by the SID
9.6.3. (e)	Senior Independent Director	Complaint	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the Statement by the Senior Independent Director. Refer Page 351.
9.6.4	Rationale for appointing a SID	Compliant	The rationale is given in the Report of the Board of Directors (No. 11.2)
9.7.1	Fitness of Directors and CEO	Complaint	The Company ensures that the Directors and CEO at all times fulfill the fit and proper assessment criteria set out in the Listing Rules
9.7.2	Ensure nominees meet the fit and proper criteria	Complaint	The Nominations and Governance Committee reviewed the fitness and propriety of the Directors who are eligible to be re-elected, before nominating them to be re-elected by the shareholders at the shareholder meeting.
9.7.3	Assessment of Fit and Proper criteria	Complaint	Ensured that the Directors fulfill the Fit and Proper assessment criteria of honesty, integrity, reputation, competence, capability and financial soundness.
9.7.4	Declaration of Fitness of Directors and CEO	Complaint	The Directors and the CEO have provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation.
9.7.5	Disclosures in the Annual Report	Compliant	The Annual Report of the Board of Directors provides the relevant disclosure in section 11.4.
9.8.1	Minimum number of Directors	Compliant	Currently the Board consists of Thirteen Directors as at date. The minimum number will be increased to 5 directors in compliance with the Listing Rules with the approval of the shareholders at the forthcoming Annual General meeting.
9.8.2	Independent Directors ('IDs')	Compliant	One third (1/3) of the Board of Directors are Independent as at date.
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by Hayleys PLC, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	Each ID signed and submitted a declaration regarding his independence. The Board assessed the independence declared by the Director. Directors who have served over 9 years have been re classified as Non Independent . Currently there are four Independent Directors.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.9	Alternate Directors	Compliant	The Board does not have any alternate directors. At the forthcoming AGM the Articles of Association will be changed to align with the Listing Rules relating to Alternate Directors.
9.10.(1)	Disclosure relating to Directors	Compliant	Company Policy on maximum number of Directorships which a Director can hold in listed companies is 20.
9.10.2	Disclosure relating to Directors	Compliant	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. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer pages 46 to 49 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4 (a)–(d)	Disclosures	Compliant	Refer the Profiles of Board Directors
9.10.4 (c)	Material business relationships	Compliant	None of the Directors or close family members have any material business relationship with other directors of the Company.
9.10.4 (e)	Disclosure relating to Directors	Compliant	Pages 544 to 546 of the Annual Report contains the relevant information
9.10.4 (f)–(h)	No. of meetings attended, names of committees, attendance at committee meetings	Compliant	Refer Governance Report page 57
9.10.4 (i)	Terms of Reference and Powers of SID	Compliant	Refer Report of the Senior Independent Director on page 351
9.11.1–3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 356 to 357.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 3 Independent Non Executive Directors and two Non-Executive Directors. There are no Executive Directors on the Committee. Please refer the Report on Pages 356 to 357.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 356 to 357
9.11.6	Disclosures in Annual Report	Compliant	Refer the Nominations and Governance Committee Report on pages 356 to 357
9.12. 1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 358 and Corporate Governance Report.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference
9.12.6	Composition	Compliant	Remuneration Committee comprises Five (5) Directors, out of which 3 are Independent. The Chairman is an Independent Director.
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the Chief Executive. No Director is involved in fixing his own remuneration..
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	Names of the Committee members are given in the Remuneration Committee Report on page 358. Aggregate remuneration of Executive and Non Executive Directors are also given in the Report.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.13.1	Audit and Risk Function	Compliant	The Audit Committee comprises 4 Independent Non Executive Directors and two Non Executive Directors. The Chairman is an Independent Director and a member of a recognised professional accounting body. His profile is given in page 48.
9.13.2	Terms of Reference	Compliant	
9.13.3 (1) to (6)	Audit Committee Composition	Compliant	
	Chairperson	Compliant	The Committee has well defined Terms of Reference defining its scope, authority and duties. Refer Audit Committee Report on pages 354 to 355. The relevant disclosures are given in the Audit Committee Report in pages 354 to 355.
9.13.4	Audit Committee Functions	Compliant	Details are provided in the Audit Committee Report on page 354 to 355.
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14. 1 and 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	The Company has a RPTRC which comprises 5 Directors out of which 3 Directors are Independent. A new Independent Director was added to the Committee on 23rd December 2024. Please see the Report of the Related Party Transaction Review Committee in pages 359 to 360.
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in pages 359 to 360.
9.14.4	RPTRC Meetings	Compliant	RPTRC met on a quarterly basis during the year 2024/25 and the dates are given in the Report of the RPTRC. Minutes of all meetings are communicated to the Board of Directors.
9.14.5	Review of Transactions	Compliant	RPTRC reviews in advance all proposed related party transactions. The senior management provides all relevant information to facilitate the review of related party transactions.
9.14.6	Shareholder Approval for Related Party Transactions	Compliant	There were no requirements for Shareholder Approval during the year under review
9.14.7	Immediate Disclosures	Compliant	Please refer Note 38 of the Notes to the Accounts on pages 471 to 475
9.14.8 (1) & (2)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Compliant	Please refer Notes 38.7 and 38.8 of the Notes to the Accounts on pages 474 to 475.
9.14.8 (3)	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on pages 359 to 360.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on pages 340 to 349.
9.14.9	Shareholder approval for the acquisition and disposal of substantial assets and RPTRC to obtain competent, independent advice thereon	Compliant	There were no acquisition and disposal of substantial assets which require to obtain the shareholder approval during the year under review.
9.17	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 340 to 349.

Corporate Governance

The Company complies with the provisions of Code of Best Practice on Corporate Governance as given below

Code Ref.	Compliance and Implementation	Compliance
A.1 An effective Board should direct, lead and control the Company	The Board meets on a monthly basis and attendance at meetings is given on page 57. Board packs are circulated one week prior to the Board meeting and typically include the following information:	☑
A.1.1 Regular meetings, structure and process of submitting information	<ul style="list-style-type: none"> Financial and operational information including progress on agreed Key Performance Indicators and information on the external operating environment; Financial statements for the relevant quarter and year to date together with comparatives for the corresponding period of the previous financial year and budgets; Impacts of risk factors impact of risk factors on financial and operating results and actions to mitigate such risks Forecast performance for the financial year Compliance with laws and regulations and any non-compliances Internal control breaches or frauds during the period Financial and operational decisions taken by the CEO within his delegated authority Share trading of the company Sustainability/ESG related risks and opportunities during the period Cyber security risks, mitigative measures and a security breach report (if any) Any other matters the Board should be aware of 	☑
A.1.2 Roles & Responsibilities of the Board	The Role and Responsibilities of the Board are inset on page 70 and encompass those set out in the Code .	☑
A.1.3 Act in Accordance with laws	The Board has set in place a framework of policies set out on page 70, procedures and a risk management framework to ensure compliance with relevant laws, and international best practices with regards to the operations of the Group.	☑
A.1.4 Access to advise and services of Company Secretary	<p>All Directors have access to the advice and services of the Company Secretarial function provided by Hayleys Group Service (Private) Limited which is responsible for ensuring follow up of Board procedures, compliance with rules and regulations, directions and statutes, keeping and maintaining minutes and relevant mandatory records of the Group.</p> <p>Hayleys PLC has obtained insurance cover for the Board of Directors and key management personnel.</p>	☑
A.1.5 Independent judgement	Directors bring independent judgment to bearing on decisions taken by the Board on issues of strategy, performance, resources and business conduct. Composition of the Board ensures that there is a sufficient balance of power and contribution by all Directors. Many of the Board members are professionals who are required to conform to professional codes of conduct which require the exercise of independent judgement in discharge of their duties.	☑

Code Ref.	Compliance and Implementation	Compliance
A.1.6 Dedicate adequate time and effort to matters of the Board and the Company	<p>Dates of regular Board meetings and Board Sub-Committee meetings are scheduled at the beginning of the year and the relevant papers are circulated a week prior to the meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis.</p> <p>It is estimated that Non-Executive Directors dedicate not less than 16 days per annum for the affairs of the Group and those Directors who are also on Audit Committee dedicate a further 4 days for the affairs of the Group.</p> <p>In addition, they are available for any adhoc meetings or discussions at any time.</p>	✓
A.1.7 Calls for resolutions	Any Director can call for a resolution to be presented to the Board if deemed to be in the best interest of the Company.	✓
A.1.8 Board induction and Training	<p>Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organisations. Board members are also given insights in to regulatory changes that may impact the industry at Board meetings.</p> <p>Audit Committee members receive updates on regulatory changes relating to matters entrusted to the Committee on a semi-annual basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights in to organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.</p> <p>In accepting an appointment as a Director, consideration is given to the responsibilities of the role, ability to commit time, any existing or potential conflicts of interest and required competencies.</p>	✓
A.2 Chairman & Chief Executive Officer	Functions of Chairman and Chief Executive are vested in one person as the Board is of the opinion that it is the most appropriate arrangement for Hayleys PLC considering the diversity and size of the Group. Mr. M. Y. A. Perera, who is an Independent Non-Executive Director functions as the Senior Independent Director to facilitate Board balance.	✓
A.3. Chairman's role in preserving good corporate governance	See Role of Chairman in Corporate Governance Report.	✓
A.3.1 Conduct of Board Meetings	<p>The Chairman ensures the following:</p> <p>a. Development of an appropriate agenda for Board meetings with the Company Secretaries taking in to consideration recommendations of the Directors, Best Practices in Corporate Governance, regulatory and other compliance requirements, and business needs of the company including performance review, resource allocation and risk management</p>	✓

Corporate Governance

Code Ref.	Compliance and Implementation	Compliance
	<ul style="list-style-type: none"> b. Sufficiency of information in Board packs and timely availability of the same c. Induction programmes for newly appointed Directors to acquaint them with their duties and responsibilities and Corporate Governance structure of the Group d. Effective participation of Executive and Non-Executive Directors, e. Directors are encouraged to seek additional information necessary to engage in discussion of agenda items and to request inclusion of matters of concern on the agenda f. Sufficient balance of power between Executive and Non-Executive Directors g. Views of directors are obtained and the minutes reflect the deliberations of the Board h. Board's control of the affairs of the company and its obligations to shareholders and stakeholders 	
A.4 Availability of financial acumen	Refer Principle A.4. in Corporate Governance Report.	☑
A.5 Board Balance	With the appointment of 2 new Directors, there are 7 Non-Executive Directors, including 4 Independent Directors on the Board	☑
A.5.1 Majority of Non-Executive Directors	Majority of Non-Executive Directors are independent of any material business relationships. 4 Independent Non-Executive Directors out of 7 Non-Executive Directors	☑
A.5.2 If only 3 NEDs, they should be independent	<p>Independent Directors are independent of management and free of business dealings that may be perceived to materially interfere with the exercise of their unfettered and independent judgement.</p> <p>The Chairman holds a meeting at least once a year with only the NEDs without the presence of the Executive Directors. Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes.</p>	☑
A.5.3 Independence of Directors	Independent directors are free of any business or other relationship that could materially interfere with their unfettered or independent judgement	☑
A.5.4 Annual declaration by Directors	All Non-Executive Directors submitted signed and dated declarations of his/her independence or non-independence against the specified criteria	☑
A.5.5 Annual determination of independence	The Board determines the independence of Directors on an annual basis based on annual declarations submitted by the Directors and other information based on the requirements of the Code as set out in A.5.5.	☑
A.5.6 Alternate Directors	The Company does not have any alternate Directors	☑
A.5.7 & A.5.8 Senior Independent Directors	<p>Mr. M. Y. A. Perera has been appointed as Senior Independent Director as disclosed in A.1. in the Corporate Governance Report. The role has being expanded to 2 meetings per annum with NEDs and 1 meeting with Executive Directors on governance matters and communicating matters discussed to the Chairman.</p> <p>The Report of the Senior Independent Director is available on page 351 of this Report.</p>	☑
A.5.9 Annual In camera meeting with NED	The Chairman holds a meeting with only Non-Executive Directors at least once a year.	☑

Code Ref.	Compliance and Implementation	Compliance												
A.5.10 Recording of dissent in minutes	Directors’ concerns on matters which have not been resolved unanimously are recorded in the Board minutes and Directors have the opportunity to review minutes	☑												
A.6. Supply of Information	<p>The Chairman ensures that all Directors are briefed on issues arising at Board Meetings by requiring management to provide comprehensive information including both quantitative and qualitative information for the monthly Board meetings 7 days prior to the Board/Sub-Committee meetings. The Directors have free and open access to Management at all levels to obtain further information or clarify any concerns they may have. They also have the right to seek independent professional advice at the Company's expense and copies of advice obtained in this manner are circulated to other Directors who request it. Any Director who does not attend a meeting is updated on proceedings prior to the next meeting through:</p> <ul style="list-style-type: none">• Directors who are unable to attend meetings physically have the opportunity to participate through digital platforms.• Formally documented minutes of discussions.• By clarifying matters from the Board Secretary.• Separate discussions at start of meeting regarding matters arising for the previous meeting.• Archived minutes and Board papers accessible electronically at the convenience of the Directors. <p>Directors also have an open invitation to attend the meetings of the Management Committees and can interact with Senior Management after Board meetings. Directors are provided with monthly reports on performance, minutes of review meetings and such other reports and documents as necessary. Minutes of meetings are circulated with the Board packs for the next monthly meeting within the agreed time.</p>	☑												
A.7. Appointments to the Board: Nomination Committee	Refer Nomination, Appointment & Succession in Corporate Governance Report and Report of Nominations & Governance Committee on pages 356 to 357.	☑												
A.8 Directors to submit themselves for re-election	At least once in 3 years the Directors submit themselves for re-election by Shareholders	☑												
A.9 Appraisal of Board & Committee Performance	The Board undertakes an annual self-evaluation of its performance, that of its committees, Chairman, Non-Executive Directors and Executive Directors. Please refer to page 73 for further information.	☑												
A.10 Annual Report to disclose specified information regarding directors	<table><tr><th></th><th>Page</th></tr><tr><td>Profiles of Board members</td><td>46-49</td></tr><tr><td>Membership of sub-committees and attendance at Board and Subcommittee meetings</td><td>57</td></tr><tr><td>Remuneration paid to directors</td><td>406</td></tr><tr><td>Board seats held by each Director in listed and unlisted companies</td><td>544-546</td></tr><tr><td>Names of listed and non listed companies in Sri Lanka in which they serve as directors</td><td>544-546</td></tr></table>		Page	Profiles of Board members	46-49	Membership of sub-committees and attendance at Board and Subcommittee meetings	57	Remuneration paid to directors	406	Board seats held by each Director in listed and unlisted companies	544-546	Names of listed and non listed companies in Sri Lanka in which they serve as directors	544-546	☑
	Page													
Profiles of Board members	46-49													
Membership of sub-committees and attendance at Board and Subcommittee meetings	57													
Remuneration paid to directors	406													
Board seats held by each Director in listed and unlisted companies	544-546													
Names of listed and non listed companies in Sri Lanka in which they serve as directors	544-546													

Corporate Governance

Code Ref.	Compliance and Implementation	Compliance
A.11 Appraisal of the CEO	Prior to the commencement of each financial year, the Board in consultation with the Chairman & Chief Executive, set reasonable financial and non-financial targets which are in line with short, medium and long-term objectives of Hayleys, achievement of which should be ensured by the Chairman & Chief Executive. A monthly performance evaluation is performed at which actual performance is compared to the budget. The Chairman & Chief Executive is responsible for providing the Board with explanations for any adverse variances together with actions to be taken.	☑
DIRECTORS' REMUNERATION		
B.1. Establish process for developing policy on executive and director remuneration.	Refer Remuneration Committee Report on page 358	☑
B.2. Remuneration Committee	Refer to Remuneration Overview on page 73 of the Corporate Governance Report for information on the Group's approach towards remuneration. Also refer to page 358 for the Remuneration Committee Report.	
B.3 Disclosure of remuneration	The Report of the Remuneration Committee on page 358 provides a statement on Remuneration Policy. The total for Directors' Remuneration is given on page 406.	☑
RELATIONS WITH SHAREHOLDERS		
C.1. Constructive use of the AGM & Other General Meetings	Refer Upholding rights of shareholders on 65.	☑
C.2. Communication with shareholders		
C.3. Disclosure of major transactions	Transactions, if any, which materially affect the net asset base of Hayleys PLC, will be disclosed in the Quarterly / Annual Financial Statements. During the year, there were no major transactions as defined by Section 185 of the Companies Act No 07 of 2007 which materially affected the asset base of Hayleys PLC or consolidated Group asset base	☑
ACCOUNTABILITY & AUDIT		
D.1 Accountability & audit	The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007. The Financial Statements included in this Annual Report are prepared and presented in accordance with Sri Lanka Accounting Standards. The Annual Report also conforms to the GRI Standards published by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council. Hayleys PLC has complied with the reporting requirements prescribed by the Colombo Stock Exchange. There has been no serious loss of capital to convene an EGM in terms of the Companies Act.	☑

Code Ref.	Compliance and Implementation	Compliance
	<p>The following specialised information requirements are also included in this Annual Report:</p> <ul style="list-style-type: none"> • The Business model – on page 90. • Industry structure and developments – on pages 156 to 288. • Opportunities & Threats – on pages 115 to 122. • Risk Management – on pages 115 to 122. • Internal control systems and their adequacy – on page 353. • Corporate and enterprise governance- on pages 54 to 88. • Stakeholder relationships on pages 94 to 97. • Social and environmental, governance activities carried out by the Company- on pages 108 to 114 • Financial performance on pages 289 to 295 • Investment in physical and intellectual capital on pages 320 to 325 • Human resource management on pages 309 to 319 • Prospects for the future on pages 156 to 288 • The Annual Report of the Board of Directors on the Affairs of the Company given on pages 340 to 349 cover all areas of this section. • The “Statement of Directors’ Responsibilities” is given on page 352. • The Directors’ Statement on Internal Controls is given on page 353. • The “Independent Auditors’ Report “on pages 362 to 365 For the Auditor’s responsibility. 	
D.2. Risk Management & Internal Control	The process adopted by the Board in identifying, assessing, monitoring and managing risks is presented on pages 115 to 122 of this Annual Report. The scope of the Audit Committee has been widened to include risk management duties. Refer to the Audit Committee Report on pages 354 to 355 of this Annual Report for further information.	☑
D.3. Audit Committee	Refer Audit Committee Report on pages 354 to 355	☑
D.4. Risk Committee	The Board’s oversight on risk management aspects including identifying and assessing risks and managing exposures is given on pages 115 to 122 of this Report.	
D.5 Related Party Transactions Review Committee	Refer Report of the Related Party Transactions Review Committee on pages 359 to 360 of this Annual Report.	☑
D.6. Code of Business Conduct and Ethics	The Hayleys Way serves as the ethical roadmap for all Directors, key management personnel and other employees. Refer to page 63 for further information.	☑
D.7 Corporate Governance Disclosures	The Corporate Governance Report from pages 54 to 88 and this Annex I: Compliance with the Code of Best Practice on Corporate Governance complies with the requirement to disclose the extent of compliance with the Code of Best Practice on Corporate Governance as specified in Principle D5.	☑
E. SHAREHOLDERS	Please refer Investor Relations on pages 294.	☑
E. 1		
E.2 Evaluation of Governance Disclosures	All shareholders are provided sufficient information to facilitate and encourage effective shareholder participation including governance matters.	☑
F. OTHER INVESTORS	Individual shareholders actively participate in the Group’s AGM and exercise their voting rights.	☑

Corporate Governance

Code Ref.	Compliance and Implementation	Compliance
G. INTERNET OF THINGS AND CYBERSECURITY		
G.1 Identify connectivity and related cyber risks	This function was complied with by the Group Head of IT for the year under review.	✓
G.2 Appoint a CISO and allocate budget to implement a cybersecurity policy	A Group Information Security General Manager has been appointed and allocated budgets for the implementation of cybersecurity policies and procedures	✓
G.3 Include cyber security in Board agenda	It is a regular agenda item on the Board agenda	✓
G.4 Obtain periodic assurance to review effectiveness of cybersecurity risk management	A firm of external consultants were engaged to review the effectiveness of the Group's cybersecurity risk management during the year.	✓
G. 5 The process to identify and manage cybersecurity risks.	IT risk assessments are conducted at least annually in accordance with ISO 27001:2022 and NIST framework to identify risks in IT environment. The identified risks are evaluated, and appropriate measures are implemented by the IT team to mitigate or minimise potential threats. The Board of Directors is regularly updated on the controls established to address cyber risks, as well as on any emerging cyber threats the Company may face.	✓
H. SUSTAINABILITY: ESG RISKS AND OPPORTUNITIES		
H.1 Integration of ESG risks and opportunities	The Group has embedded the identification of ESG risks and opportunities to its existing business risk management processes. Please refer to the Climate Risk Report on pages 123 to 154 of this Report.	✓
H.2 Stakeholder engagement on ESG matters	The Group applies a systematic materiality assessment which includes formal and informal stakeholder engagement. This process is explained in the Materiality and Stakeholder Engagement sections on pages 94 to 97.	✓
H.3 & H.4 Sustainability governance	Group and Sector-level ESG Steering Committees have been established in line with the adoption of IFRS S1 and S2. Further information is available on pages 123 to 154 of this Report. The Group's approach to managing the following elements are described in the pages 326 to 338. <ul style="list-style-type: none"> • Health and safety • Climate change • Pollution prevention • Effluent treatment • Sustainable resource use • Restoration of natural resources • Renewable energy • Biodiversity 	✓
H.5 ESG related disclosures	The Group's Annual Report includes sustainability-related financial disclosures aligned to the IFRS Sustainability Reporting Disclosure Standards. Information on the business impacts of sustainability related risks and opportunities are available in the Group's Climate Risk Report on pages 123 to 154.	✓
I. ESTABLISHMENT AND MAINTENANCE OF POLICIES		
I.1 & I 2	The Company maintains policies related to governance, with details on their implementation available on the Company's website. A list of these policies, along with relevant web references, is provided in the Corporate Governance Report. Additionally, the Company has established and upholds a formal policy addressing matters concerning the Board of Directors.	✓