

CORPORATE GOVERNANCE

BOARD COMPOSITION

- Appointment of two new Independent Non-Executive Directors, significantly strengthening the Board’s skill profile

Skills added to the Board:

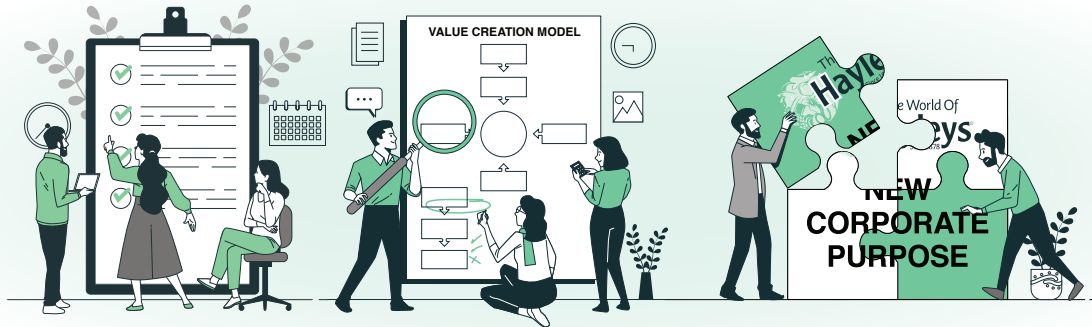
Corporate leadership, Finance and audit

ETHICAL LEADERSHIP

- Board approval of new Bribery and Anti-Corruption policy

RISK MANAGEMENT

- Introduction of Sector-level ESG risk assessments to identify and manage sustainability-related-risks and opportunities
- Strengthened IT and cyber security management framework



STAKEHOLDER ENGAGEMENT

- Board approval of new Shareholders and Investor Communication Policy
- Year-round engagement calendar with diverse stakeholders

STRUCTURES AND DELEGATION

- Widened the scope of the Audit Committee to expand risk-management related responsibilities
- Revised the Terms of Reference for Nominations and Governance Committee
- Formulation of Sector-level ESG Committees
- SID meetings with Independent/Non-Executive Directors

APPROACH TO CORPORATE GOVERNANCE

The Group’s Board of Directors have long since embraced governance principles designed to ensure the longevity and continued excellence of the organisation to drive multi-stakeholder value creation. This approach has enabled the Group to move beyond incremental growth and advance transformational change-leveraging the power of an enterprise-wide approach to corporate governance to deliver on our purpose.

Governance practices which support ethical and effective leadership

COMPOSITION	EFFECTIVE DELEGATION	BOARD ENGAGEMENT	POLICIES	RISK MANAGEMENT
<p>All Non-Executive Directors are Independent</p> <p>50% of all Directors are Non-Executive Directors</p>	<p>Clear lines of delegation to Committees, supported by Charters</p>	<p>Active engagement with business through Executive Director insights, common directors in subsidiaries, frequent meetings and ongoing knowledge sharing sessions</p>	<p>Comprehensive and robust policy framework approved by the Board of Directors</p>	<p>Enterprise risk management framework</p> <p>Combined assurance model Embedding identification of Sustainability-Risks and Opportunities to existing risk management processes</p>

GOVERNANCE FRAMEWORK

Hayleys subscribes to a Group-wide governance framework which reflects our commitment to comply with relevant legislations and regulations as well as voluntary frameworks and standards as set out below. During the year, the framework was strengthened to align with key changes in the governance landscape as set out alongside.

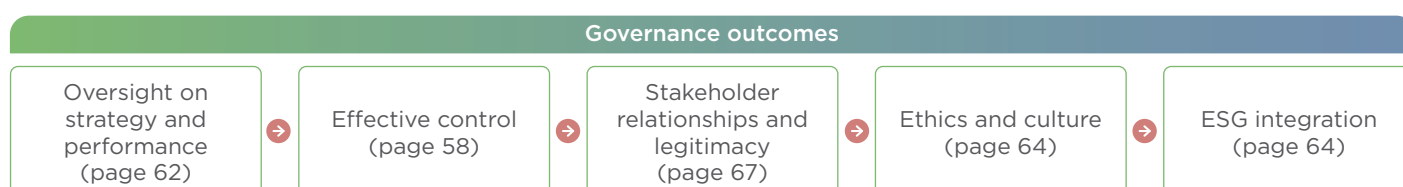
Developments in the governance landscape

- Enhanced corporate governance rules applicable to listed entities (Section 9)
- Issue of new Code of Best Practice on Corporate Governance by CA Sri Lanka (2023)
- Implementation of new Anti-Corruption Act No. 9 of 2023
- Issue of IFRS S1 and S2 sustainability reporting standards

 Regulatory frameworks	 Voluntary standards, codes and frameworks	 Internal mechanisms
<ul style="list-style-type: none"> • Companies Act No.7 of 2007 • Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 • Continued Listing Requirements of the Colombo Stock Exchange • Inland Revenue Act No. 10 of 2006 and amendments • Inland Revenue Act No. 24 of 2017 and amendments thereto • Customs Ordinance No. 17 of 1869 • Foreign Exchange Act No. 12 of 2017 • Industrial Disputes Act No. 43 of 1950 • The Shop and Office Employees Act No. 15 of 1954 • Factories Ordinance No. 45 of 1942 • Finance Business Act No.42 of 2011 and amendments thereto 	<ul style="list-style-type: none"> • Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2023 • IFRS S1 and S2 Sustainability Reporting Standards • 10 principles of the United Nations Global Compact • Integrated Reporting Framework • Global Reporting Initiative Standards • Sustainability Accounting Standards Board (SASB) Disclosures • Non-Financial Reporting Guideline of CA Sri Lanka • Requirements of Environmental & Social Certifications • Quality standard certifications obtained by companies 	<ul style="list-style-type: none"> • Articles of Association • Board and Sub-Committee Charters • Hayleys Lifecode • The Hayleys Way • Policy framework

 Governance Principles	 Values	 Hayleys Lifecode Targets
<ul style="list-style-type: none"> • Structures and delegation • Strategic leadership • Controls and assurance • Responsible corporate citizenship 	<ul style="list-style-type: none"> • Honesty & integrity • Accountability • Yes, WE can • Love for humanity • Enduring customer value • Yes, we WILL WIN • Social responsibility as a good corporate citizen • Innovation 	<ul style="list-style-type: none"> • 100% compliance to relevant laws and regulations • Meaningful and impactful stakeholder relationships • Internal and external reporting on ESG factors • Holistic process to identify, measure and mitigate ESG risks • Full compliance to the Hayleys Way

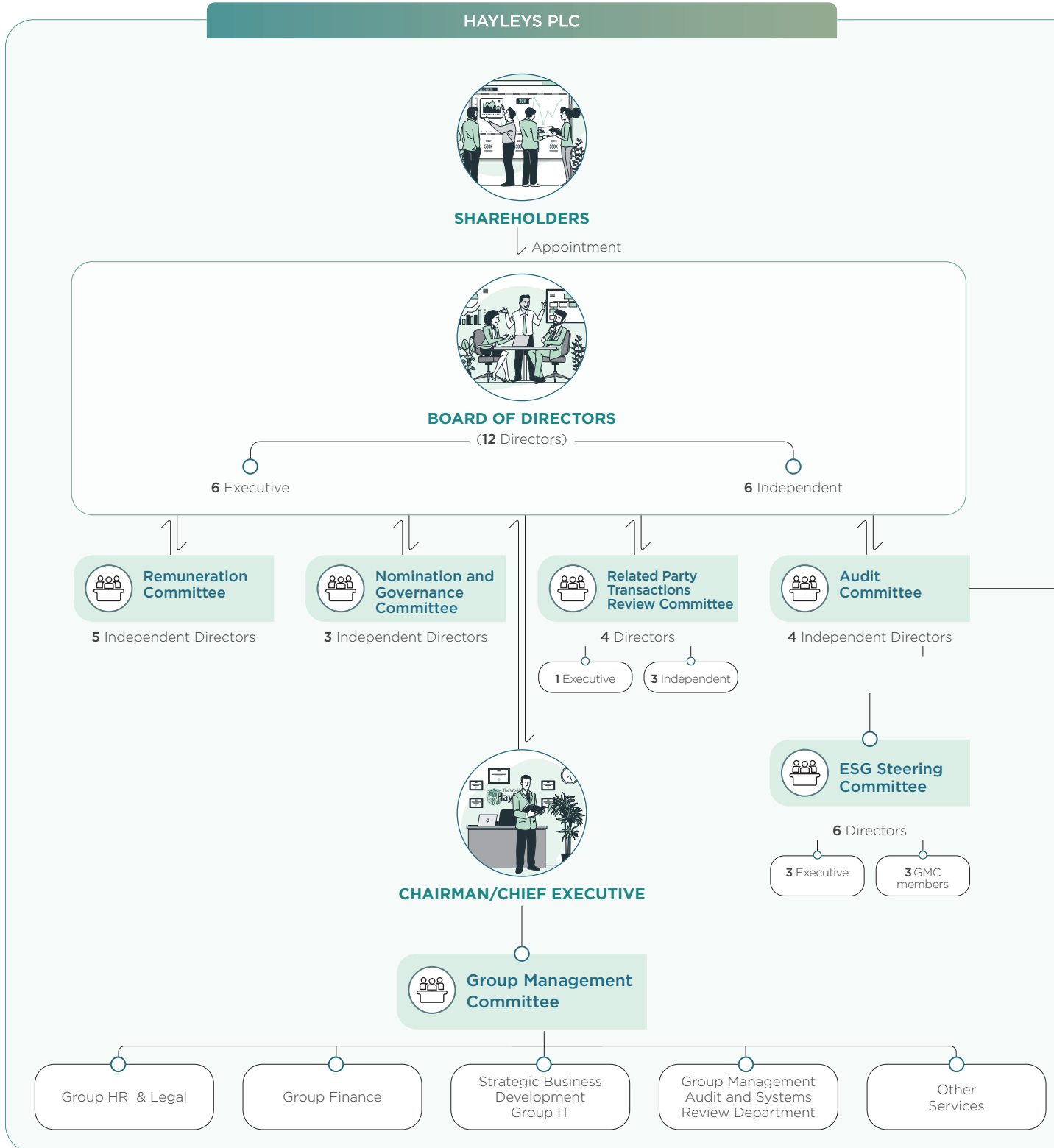
THE HAYLEYS WAY: ETHICAL ROADMAP FOR ALL EMPLOYEES



CORPORATE GOVERNANCE

STRUCTURES AND DELEGATION

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. Arrangements



for delegation within the Board's structure assists in the effective discharge of duties while enabling balance of power and promoting independent judgement.

OVERSIGHT OF SUBSIDIARIES

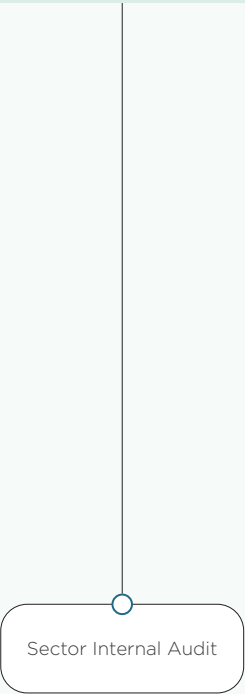
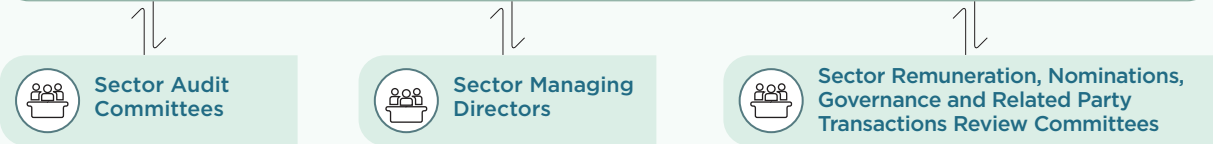


SHAREHOLDERS

↓ Appointment



SECTOR BOARDS OF DIRECTORS







Sector Internal Audit

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.

<p>Audit Committee (Refer pages 319 to 320 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 </p> <p>Focus on strategic priorities Portfolio optimisation/Customer centricity</p>	<p>% of committee members who are independent</p> <p>100%</p> <p>Skill mix</p> <ul style="list-style-type: none"> Finance Law and commercial arbitration Banking Corporate leadership
<p>Remuneration Committee (Refer page 323 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 </p> <p>Focus on strategic priorities Nurturing inspired teams</p>	<p>% of committee members who are independent</p> <p>100%</p> <p>Skill mix</p> <ul style="list-style-type: none"> Finance Law and commercial arbitration Banking Corporate leadership
<p>Nominations and Governance Committee (Refer pages 321 to 322 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 </p> <p>Focus on strategic priorities Nurturing inspired teams</p>	<p>% of committee members who are independent</p> <p>100%</p> <p>Skill mix</p> <ul style="list-style-type: none"> Corporate leadership Law and commercial arbitration Banking Finance
<p>Related Party Transactions Review Committee (Refer page 324 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 </p>	<p>% of committee members who are independent</p> <p>67%</p> <p>Skill mix</p> <ul style="list-style-type: none"> Corporate leadership Law and commercial arbitration Banking 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</p> <p>3 Executive Directors 3 GMC Members</p> <p></p> <p>Skill mix</p> <ul style="list-style-type: none"> • Corporate leadership • Business sustainability • Human resource management • Finance
<p>Relevance to value</p> <p>  </p> <p>Focus on strategic priorities ESG integration/Inclusive business models</p>	

BALANCE OF POWER

The Board ensures that delegation within its structures and mandates ensuring that balance of power is maintained while promoting independent judgement. The roles and responsibilities of the Board of Directors are clearly set out in the Board Charter and summarised below:

- Ensure formulation and implementation of business strategy
- Appointment of Chairman, Co-Chairman and Senior Independent Director
- Ensuring that Key Management Personnel have the required skills, experience and knowledge to implement strategy
- Succession planning
- Approval of budgets and major capital expenditure
- Ensuring effective systems to secure integrity of information, internal controls, business continuity and risk management
- Ensuring compliance with all laws, regulations and ethical requirements

- Ensuring that key stakeholder interests are considered in corporate decisions
- Ensuring that businesses are developed in a sustainable manner and adoption of integrated reporting framework
- Ensuring adoption of appropriate accounting policies and fostering compliance with financial regulations
- Establishing a process for monitoring and evaluation of progress on implementation of strategy, budgets, plans and risks

The functions of Chairman and Chief Executive are vested in one person due to the diversity and scale of operations of the Group and the Board is of the view that this is the most appropriate arrangement for Hayleys PLC.

Senior Independent Director (SID)

The Board has also appointed Dr H Cabral, PC Non- Executive Director as Senior Independent Director to facilitate board balance and ensure effective engagement with Non-Executive Directors. The appointed SID is a President's Counsel and renowned

-  Setting strategic direction
-  Ensuring integrity of financial controls
-  Shaping organisational culture
-  Identification and management of risks and opportunities
-  Stakeholder management and reporting

lawyer with an illustrious practice of over 37 years in the Commercial High Courts and the Supreme Courts of Sri Lanka. Key responsibilities of the SID are listed below and further details are available on the SID report on page 316 of this Annual Report.

- Set corporate values facilitating an equitable balance between key stakeholder interests
- Uphold high standards of ethics, integrity and probity
- Support executive leadership whilst monitoring their conduct
- Meet with NEDs at least twice a year and Independent Directors at least once a year to facilitate discussion and communication of governance matters and communicate same to Chairman
- Be available to shareholders in case they have concerns which cannot, or should not, be addressed by the Chairman or Executive Directors
- Act on the results of any performance evaluation of the Chairman
- Maintain sufficient contact with major, significant and minority shareholders, assisting the Board to develop a balanced understanding of their issues

CORPORATE GOVERNANCE



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 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, IT, Freight management, procurement, Group finance and Group ESG
- Any emerging developments which are pertinent to the Group's performance

THE COMPANY SECRETARY

Company secretarial services are provided by Hayleys Group Services (Pvt) Ltd., who are competent

secretarial professionals registered as company secretaries with the Registrar of Companies. 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 Board meetings and ensuring that all proceedings of meetings are properly minuted
- Ensuring that all Board Committees are properly constituted and provided with clear terms of reference
- Ensuring that an 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
- Ensuring good relationships with shareholders

- Making necessary disclosures on related parties and related party transactions

POLICY FRAMEWORK

The Group's comprehensive policy framework (listed below) facilitates the creation of an effective control environment and supports effective delivery of strategy. Policies are reviewed and revised annually to ensure relevance in evolving operating conditions. In aligning with the recent revisions to the CSE Listing Rules the Group introduced several new policies (listed alongside)

How we strengthened the policy framework during the year

- Introduced new Bribery and Anti-Corruption Policy (Weblink: Hayleys Bribery and Anti-corruption Policy (fliphhtml5.com))
- Introduced Shareholder and Investor Communications Policy (Weblink: Shareholder and Investor Communications Policy - Hayleys PLC)
Policies required by the CSE listing rules are on the corporate website of Hayleys PLC. All policies will be in place by October 2024

POLICY ARCHITECTURE

Environment		Social	Governance
<ul style="list-style-type: none"> Material and waste management policy Energy and emissions management policy Water management policy Biodiversity conservation policy Chemical management policy 	HR-related policies	<ul style="list-style-type: none"> Industrial Relations policy Disciplinary policy Grievance handling policy Recruitment policy Learning & Development policy Talent Management and Succession Planning policy Performance Management Policy Human Rights Policy Whistleblower Policy Anti-Sexual Harassment policy Health and Safety Policy 	<ul style="list-style-type: none"> Board Charter Board Committee Charters Stakeholder Engagement Information Disclosure Policies Bribery and Anti-Corruption Policy Shareholder and Investor Communications Policy IT policy Intellectual Capital Policy Information Security policy Business data back-up policy Internal Code of Business Conduct and Ethics
	Social & Relationship Capital	<ul style="list-style-type: none"> Customer Management Policy Procurement Policy CSR Policy 	

* Reviewed and revised during the year

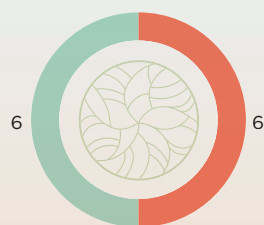
STRATEGIC LEADERSHIP

Board composition

The Board consists of comprising 6 Executive Directors and 6 Non-Executive Directors. The size and skill composition of the Board is influenced by the demands of our diverse and complex business landscapes. An appropriate mix of skills, knowledge and experience ensures that the Board is collectively equipped to drive the Group's strategy and value creation (refer to pages 44 to 47 for detailed profiles of Directors)

Board composition

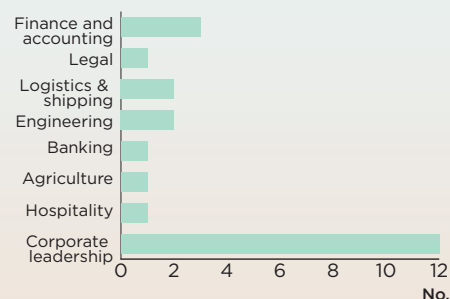
50% of the Board comprises Independent Non-Executive Directors, thereby enriching discussions and bringing objective judgement to Board decisions



■ Executive Directors
■ Independent Non-Executive Directors

Skill composition

BOARD SKILL PROFILE



Gender diversity



Diversity of age

56.5 years

Average age

With 33% of Directors below the age of 60, the Board is diverse in its age representation, thereby combining both experience and fresh perspective

Diversity of tenure

Years of service	Number of Directors
< 3	2
3-5	2
5-9	1
>9	7

Periodic introduction of new members bringing in new perspectives and skills, while continuity and valuable industry expertise is retained through long-standing Directors.

CORPORATE GOVERNANCE

Changes to Board: During the period under review Mr. Timothy Speldewinde was appointed as an Independent Non-Executive Director (refer page 46 for profile). Meanwhile, Mr. Yohan Perera (refer page 47 for profile) was also appointed as an Independent Non-Executive Director on the 1st of April 2024. Following Mr. Perera's appointment, the Board now comprises 50% of Independent Non-Executive Directors.

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, skills and competencies of the Board. The Board considers the recommendations of the Nominations and Governance Committee and recommends suitable candidates for appointment or re-election by the shareholders at the Annual General Meeting under the advisement of the Nomination and Governance Committee.

Board induction and training

Directors are kept updated on relevant developments through formal sessions, distributing of reading materials and deep dives into specific aspects. Directors are also encouraged to attend sessions conducted by the Sri Lanka Institute of Directors. Many

How we strengthened the policy framework during the year

- 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

of the Directors also conform to the Continuing Professional Development requirements of the respective professional organisations. During the year, director training was provided on,

- Developments in regulations including the new Bribery and Anti-Corruption Act and new Listing Rules of the CSE

Board appraisal

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 Remuneration 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

The Group is in the process of strengthening its Board appraisal mechanisms in line with the guidelines recommended by the new Code.

THE BOARD IN ACTION




The Board assumes apex responsibility for the Group's continued success and provides oversight on the value creation process aligned with emerging external developments and the Group's strategic aspirations. Ethical and responsible leadership is applied in directing the Group to achieve sustainable growth while preserving stakeholder interests. The Board engages with the business through the following structures and mechanisms

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 discuss the corporate plan for 2024/25. Clear guidelines and processes are defined and communicated to ensure effectiveness of Board meetings.

Board engagement with the business

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

 Assessment questionnaires	 Review of responses	 Formulation of response
<ul style="list-style-type: none"> Strategies developed and implemented Compliance with laws and regulations Quality of participation at meetings Effectiveness of systems and processes 	<ul style="list-style-type: none"> Review of responses by the Chairman Report feedback to the Board of Directors 	<ul style="list-style-type: none"> Implementation of remedial measures for improvement

Attendance at Board and Committee meetings

Directors	Board	Audit Committee	Remuneration Committee	Nominations & Governance Committee	Related Party Transactions Review Committee
Mr. A. M. Pandithage	13/13	-	-	7/7	-
Mr. H. S. R. Kariyawasan	12/13	-	-	-	-
Mr. S. C. Ganegoda	13/13	-	-	-	3/4
Dr. H. Cabral PC	13/13	4/4	2/2	11/11	4/4
Mr. M. H. Jamaldeen	12/13	2/4	2/2	-	-
Mr. M. Y. A. Perera	12/13	4/4	2/2	11/11	4/4
Mr. L. R. V. Waidyaratne	13/13	-	-	-	-
Ms. J. Dharmasena	13/13	-	-	-	-
Mr. R. J. Karunarajah	13/13	-	-	-	-
Mr. K. D. G. Gunaratne	13/13	4/4	2/2	4/4	-
Mr. T. A. B. Speldewinde (appointed on 3rd January 2024)	5/5	-	1/1	1/1	-
Mr. P. Y. S. Perera (appointed on 1st April 2024)	2/2	-	-	-	-

The total number of Board seats (excluding directorships in the Hayleys Group) held by each director as at 31st March 2024

Directors	No. of Board seats - Listed Companies		No. of Board seats - Unlisted Companies	
Directors	Executive	Non-Executive	Executive	Non-Executive
Mr. A. M. Pandithage	-	1	-	9
Mr. H. S. R. Kariyawasan	-	-	-	1
Mr. S. C. Ganegoda	-	-	-	-
Dr. H. Cabral PC	-	3	-	11
Mr. M. H. Jamaldeen	2	-	33	4
Mr. M. Y. A. Perera	1	-	1	2
Mr. L. R. V. Waidyaratne	-	-	-	1
Ms. J. Dharmasena	-	-	-	-
Mr. R. J. Karunarajah	-	-	-	2
Mr. K. D. G. Gunaratne	-	4	-	2
Mr. T. A. B. Speldewinde (appointed on 3rd January 2024)	-	-	-	2
Mr. P. Y. S. Perera (appointed on 1st April 2024)	-	1	-	-

CORPORATE GOVERNANCE

KEY AREAS OF FOCUS IN 2023/24

During the year, the following areas received heightened focus from the Board, reflecting both internal priorities and external developments in the operating landscape. Discussion areas are summarised in the following table and described in further detail in the Portfolio Review (page 114 to 245) and Capital Management Reports (page 248 to 287) of this Report.

Directors	Board	Audit Committee
Monitoring strategy execution and delivery of performance		
The Board monitored the execution of key strategic deliverables which included impact of external factors, entry into new markets, investments in new product capabilities, acquisitions and people-related initiatives among others. 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.	Building resilience through portfolio optimisation Nurturing an inspired team Customer centricity	
Navigating the volatile external environment		
The Board considered the impact of global geopolitical tensions, monetary and fiscal policy, local political developments and other external drivers on strategy, business continuity and performance	Building resilience through portfolio optimisation	
Digital transformation		
The Board explored opportunities and risks stemming from emerging developments in digitalisation and technology, including AI, blockchain and robotics among others	Building resilience through portfolio optimisation Customer centricity	
Ethics and culture		
The Board considered the direct and indirect impact of the Group's operations on the economy, society and the environment while setting the tone at the top on how ethical behaviour should be propagated	Inclusive business models Integrating ESG	
ESG integration		
The Board sought to strategically integrated ESG considerations into strategy, processes, decision-making and organisational culture	Integrated ESG	

STRATEGY AND PERFORMANCE MONITORING

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.

Information shared with Board on a regular basis	Board deliberations in 2023/24
<ul style="list-style-type: none"> Matters relating to the external environment 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
<ul style="list-style-type: none"> Updates on the delivery of key projects 	<ul style="list-style-type: none"> Approving the annual, interim and quarterly financial results and stakeholder communications
<ul style="list-style-type: none"> Performance against financial and operational targets and metrics 	<ul style="list-style-type: none"> Approval of major capex projects and acquisitions
<ul style="list-style-type: none"> People-related developments including changes in headcount, health and safety and engagement initiatives 	<ul style="list-style-type: none"> Reviewing and evaluating the Group's risk exposures and scorings
<ul style="list-style-type: none"> Key risk exposures 	<ul style="list-style-type: none"> Ensuring that appropriate governance structures, policies and procedures are in place
<ul style="list-style-type: none"> Developments in the competitive landscape 	
<ul style="list-style-type: none"> Legal, regulatory and compliance matters across the Group 	

DIGITAL TRANSFORMATION AND IT GOVERNANCE

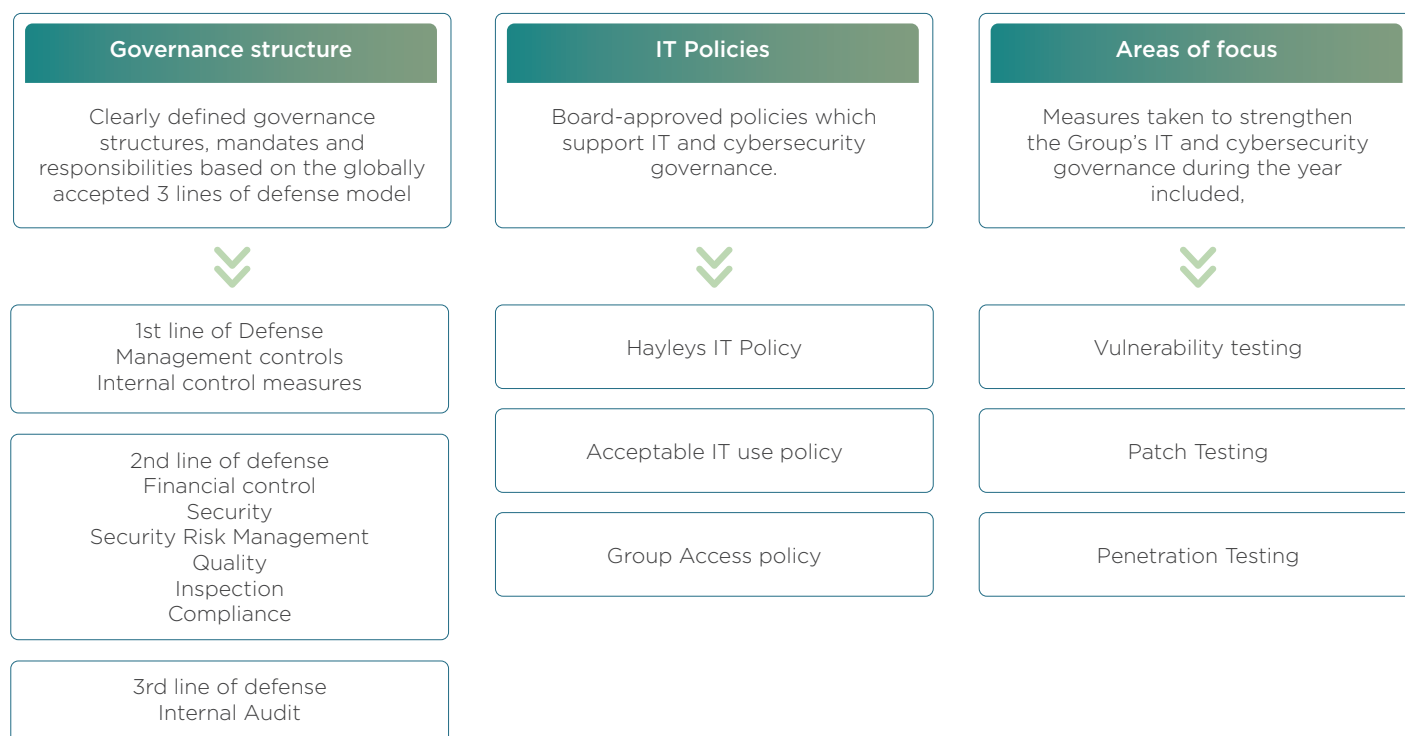
Technology-driven transformation is a key medium-to-long priority of the Group and key areas of focus included evaluating the potential opportunities and risks of disruption presented by technology and building effective, secure and agile infrastructure. The Board holds apex responsibility for governing technology and information and during the year, continued emphasis was placed on embedding ICT governance standards across the Group. 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. During the year, the Group also recruited a Head of Digital Transformation who holds responsibility for formulating and driving the Group's digital roadmap.

Digital transformation roadmap



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

IT GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE

ESG INTEGRATION

As an organisation with deep-rooted connections across communities, value chains and businesses that are closely linked to the natural environment, we are acutely aware of the interdependencies that exist between our commercial, social and environmental performance. The strategic integration of ESG remains a key priority for the Group, and its approach for doing so is summarised below and detailed further in 102 of this Annual Report.



Align purpose, governance and strategy



Set targets and measure performance planet



Embed ESG in practice



Transparency and engagement

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,

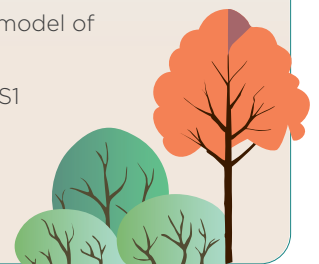
- Provide oversight and monitor the execution of the Group's ESG Framework-Hayleys Lifecode including progress against environmental, social and governance targets in the short, medium and long-term
- Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate 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.

Group ESG Division: The Group ESG Division is responsible for the day-to-day implementation of the Hayleys Lifecode across the Group and ensuring that the metrics required to assess progress are reliable. The Group ESG Division is supported by

Actions taken to strengthen ESG oversight during the year included,

- **Governance:** Establishment of Sector-level ESG Committees, with defined mandates aligned with the Group ESG Steering Committee
- **Strategy:** 4 key sectors launched their ESG Roadmaps during the year, clearly setting out targets, action plans and deliverables to be achieved by 2030 along with annual deliverables
- **Risk Management:** Integration of ESG risk management processes to existing business risk processes, with ultimate oversight by the Audit Committee
- **Data integrity:** Strengthened combined assurance model of ESG metrics and reporting
- **Reporting:** Voluntary, early adoption of the SLFRS S1 and S2 Sustainability Reporting Standards
- **Culture building:** Group-wide training and awareness programmes on emerging ESG risks and opportunities



Lifecode Champions in each sector who coordinates with the Centre and serve as a contact point for the Group ESG Division. Regular meetings are conducted by Group ESG to ensure that there is clear understanding about the objectives and progress made

ETHICS AND CULTURE

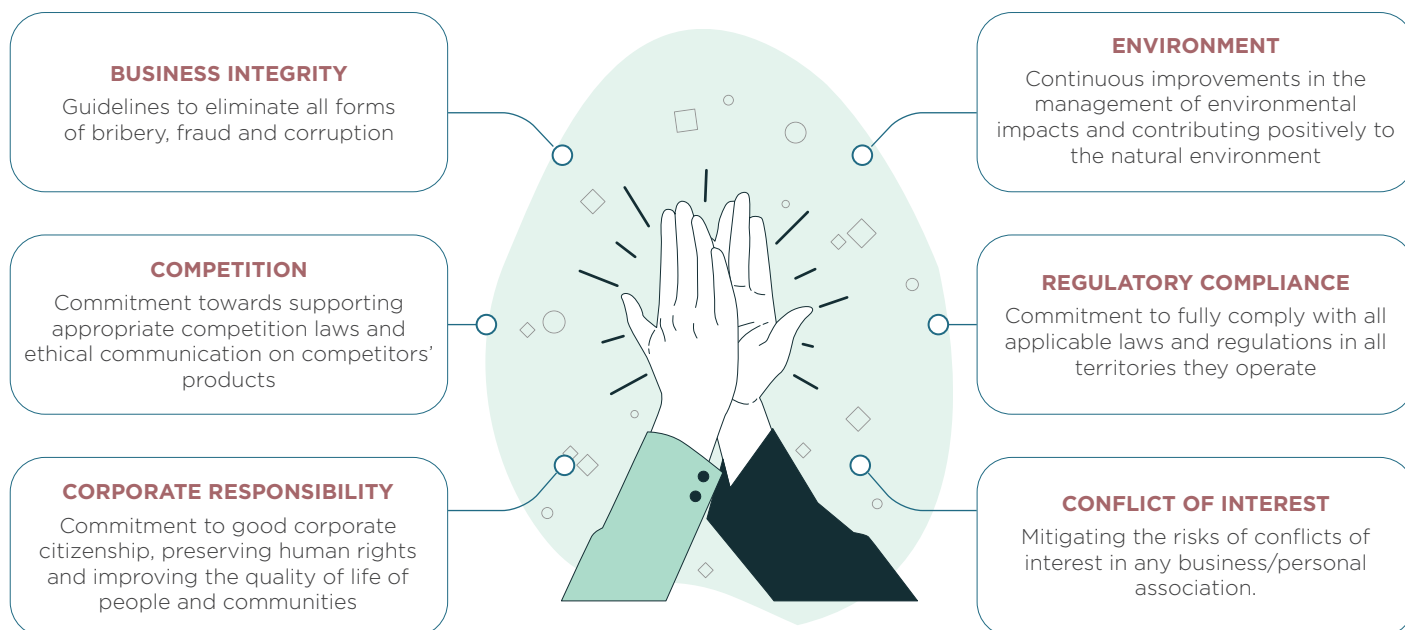
Ensuring the effective implementation of the Group's strategy and continued resilience requires a strong ethical culture. The Board is collectively responsible for setting the ethical tone at the top, with all Directors, KMPs and employees required to demonstrate integrity, transparency and the highest ethical standards.

The Hayleys Way: The Hayleys Way functions as the Ethical Road Map for all employees of the Group including its key management personnel, clearly setting out the expectations of all Group employees. This code of conduct is reinforced through the orientation training which all employees joining the Group undertake, typically within one month of joining. It sets out explicit statements on anti-corruption and acceptable gifts

Key elements of the Group's ethics framework

The Hayleys Way
Corporate Values
Whistleblower Policy
Bribery and Anti-Corruption Policy
Commitment to the UNGC's 10 principles

ETHICS AND CULTURE



APPROACH TO BRIBERY AND ANTI-CORRUPTION

The Group launched a new Bribery and Anti-Corruption policy during the year, aligned to the new Anti-Corruption Act No.9 of 2023, revisions to the Corporate Governance Rules applicable to Listed entities and other regulations. The policy is applicable to all Directors, KMP and employees of the Group. Key highlights of the policy include,

- Zero tolerance to bribery and corruption
- Prohibition of political contributions, donations to political parties and election candidates
- Guidelines on gifts, hospitality and promotional expenses and charitable donations
- Prohibition of facilitation payments to government officials or other person t to expedite an action or process
- Due diligence of partners: inclusion of anti-bribery clauses in agreements/contracts with partners is required
- Retaliations or threats against whistleblowers and disciplinary action against reporting bribery is prohibited

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:

Preserving 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 Group has also implemented a Human Rights Policy which aims to foster an organisational culture that embraces internationally recognised guidelines on human rights while eliminating the risk of human rights abuse. Key aspects of the Policy include the following:

- Fair treatment: Quality of opportunity and treatment for

the purposes of eliminating discrimination

- Non-harassment: Creating an environment free of all forms of workplace harassment
- Abolishing child, forced and compulsory labour in both our operations and along our value chain in working with subcontractors and suppliers
- Freedom of Association and Collective Bargaining

CORPORATE GOVERNANCE

- Promoting health and safety by providing appropriate safety measures and precautions at all locations

OTHER AREAS OF OVERSIGHT

Risk Management

The Board governs risk in a manner that strengthens the Group’s resilience and supports delivery of the strategy. 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.

In line with the requirements of the new Code, the mandate of the Audit Committee was widened during the year to increase focus on risk-related responsibilities. The Group’s approach to risk management is described in further detail in the Risks & Opportunities chapter of this Annual Report on pages 104 to 112.

Measures taken to strengthen risk management during the year

- Identification of Sustainability-Related-Risks and Opportunities (SRROs) with emphasis on Climate-Related-Risks and Opportunities (CRROs) which are reported to Sector ESG Committees and Audit Committees on a quarterly basis (Refer to page 100 for further information)
- Revision of risk assessments and risk templates to reflect emerging developments

Discharge of risk-related responsibilities

Function	Mandate and Activities
Board Audit Committee (Please refer to pages 319 to 320 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 MA & SRD and evaluate the adequacy and effectiveness of the risk management and internal control systems including financial reporting <p>Engagement with Sectors</p> <p>In addition to Audit Committees in listed subsidiaries, significant unlisted sectors have also established Audit Committees</p> <p>The annual Audit Committee Forum brings together all Audit Committee members of subsidiaries to discuss emerging concerns, trends and potential areas for improvement.</p>
Internal Audit (Management Audit & System Review Department)	<ul style="list-style-type: none"> • Vital role in assessing the effectiveness of controls and strengthening them 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

Board engagement with the business

- 5 Independent Directors serve on Board subcommittees, obtaining deeper insights on specific matters
- The 5 Executive Directors represent key sectors and Hayleys PLC center functions
- One Executive Director serves as the Chairman and Chief Executive
- Access to deeper insights at Sector level through common directors
- Regular monitoring of performance at monthly Board meetings
- Special meetings as and when required



COMPLIANCE

The Group's policy framework facilitates compliance with regulatory requirements and voluntarily adopted standards of best practice and which are verified by MA & SRD. The Group also has a whistle-blowing policy in place which is clearly communicated to all employees and the Audit Committee and Board receive information in this regard. During the year under review there were no significant instances of non-compliance with laws and regulations and/or monetary value of fines for non-compliance.

STAKEHOLDER RELATIONSHIPS

The Board consistently 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 86 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 page 86, 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.

Launch of 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,

-  Communication platforms
-  Social media presence
-  Shareholder enquiries
-  Shareholder privacy
-  Financial and ESG Reporting

REMUNERATION REVIEW

The Group's remuneration policies and procedures are relevant, 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.

-  Driving the achievement of the Group's strategic aspirations
-  Attracting and retaining high-performing talent
-  Promote internal equity through fair and transparent remuneration schemes
-  Optimum allocation of resources in driving positive outcomes
-  Nurture an ethical culture and responsive and responsible corporate citizenry

CORPORATE GOVERNANCE

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 323. 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.

KEY DECISIONS AND ACTIVITIES OF THE REMUNERATION COMMITTEE

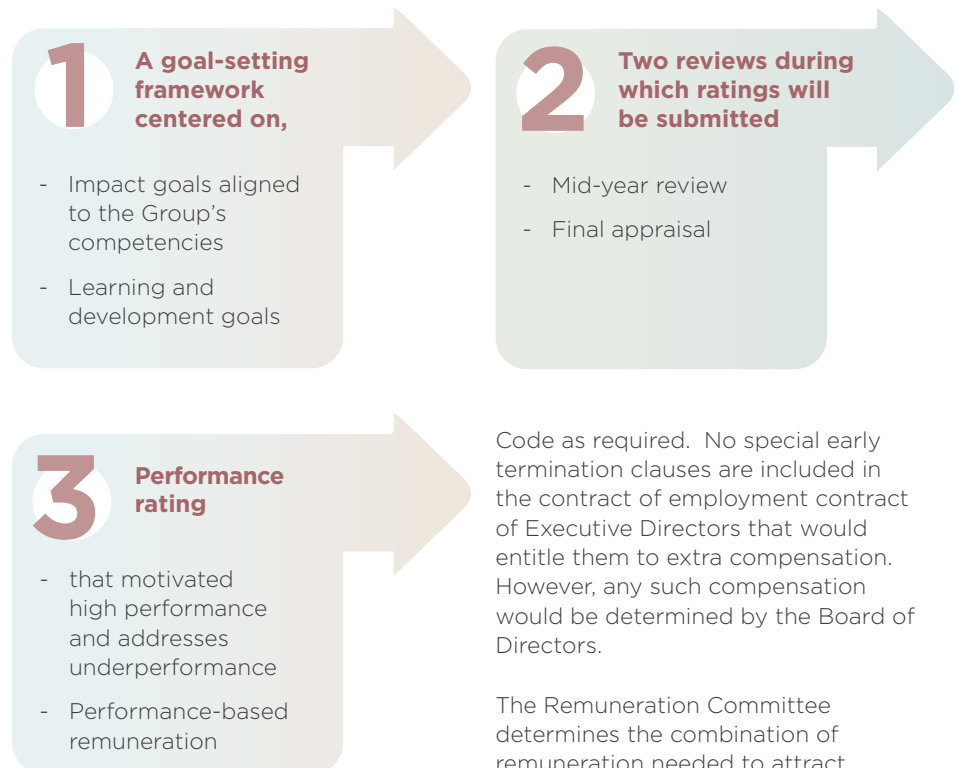
- Review the performance of the Chairman & Chief Executive, Executive Directors and Group Management Committee based on defined targets and determined the bonus payable and the annual increments.
- Reviewed Executives' compensation and implemented market corrections to Executives total compensation in 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.

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.

REMUNERATION PHILOSOPHY

Hayleys' remuneration processes are 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. The performance review process is graphically illustrated below:



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 323 which includes a statement on Remuneration Policy. Please refer page 369 for the total Directors' Remuneration.

REMUNERATION IN 2023/24

Employee remuneration consists of salaries and bonus, defined benefit charges and other related expenses. Given the conditions that prevailed during the year, the Group engaged in a market adjustment of salaries, ensuring continued financial security to all employees. Further details of this are available on page 369 to Notes 10 and the Financial Statements.

Rs.bn	2024	2023
Directors' emoluments	4.25	3.57
Personnel expenses		
Defined contribution plan cost	3.88	3.05
Employee benefit plan cost	3.16	2.22
Other staff cost	46.07	41.04

REMUNERATION PRINCIPLES

-  Open and transparent
-  Fair and free from discrimination
-  Market competitive
-  Created performance orientation

Aligning strategy to remuneration

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

ROADMAP TO ALIGN WITH 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 during the year, with effect from 1st October 2023. Key changes applicable to the Group and our planned roadmap for aligning with these requirements are presented in the table below. Please refer to page 13 for further details on the compliance to the new Corporate Governance Rules. Meanwhile, the Group has also opted for early adoption of 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
9.8.1	Board composition	October 2024	Complied
9.8.3	Revisions to independence criteria	January 2025	Will be compliant by December 2024
9.3.3, 9.11, 9.12 9.13, 9.14	Sub-committee composition, Chairmanship and mandate	October 2024	Complied
9.14.2	Composition of Related Party Transactions Review Committee	April 2024	Complied
9.6	Chairperson and CEO duality	October 2023	Senior Independent Director appointed
9.7	Fitness and propriety of Directors	April 2024	Complied
9.2	New policies to be established	October 2024	Partially compliant, will be fully compliant by October 2024
9.13.4 9.13.5	Enhanced disclosures in the Annual Report	March 2024	Complied

CORPORATE GOVERNANCE

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 286 to 294
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 459 to 461
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Compliant	Report of the Board of Directors Pages 286 to 294
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risks and Opportunities on pages 104 to 112
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital on pages 256 to 265
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant	Statement of Value of Real Estate Pages 454 to 457
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors Pages 286 to 294
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Share Information pages 459 to 461
7.6 (xi)	Ratios and Market Price Information		Refer pages 459 to 461
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Please refer pages 454 to 457
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	Compliant	Corporate Governance Report pages 71 to 73
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	Compliant	Refer Related party transaction on page 433

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
9.2.1	Policies	Compliant	The Company has established and continues to maintain the policies on Board Committees, Corporate Governance, Nominations, Remuneration, Internal Code of Business Conduct and Ethics ('Hayleys Way'), Risk Management and Internal Control, Relations with Shareholders and Investors, Environment, Social Governance and Sustainability (Hayleys Lifecode'), Whistleblowing and Anti Bribery and Corruption.
9.3	Board Committees	Compliant	The Company continues to maintain the Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee. Except for the Audit Committee, the Company's other committees acted as the Committees for the subsidiaries of the Company.
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	Communication and Relations with shareholders	Complaint	The Company has a Shareholder Communication and Relations policy and it is published on the corporate website. The contact person is mentioned. The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
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
9.6. 2	Chairperson and CEO	Complaint	Since the Chairperson and CEO of the Company is the same person, a market announcement was made on 1st November 2024 stating the rationale for combining the two roles.
9.6.3	Senior Independent Director	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	N/A	Not applicable since all Non-Executive Directors are independent
9.6.3. (c)	Senior Independent Director	Complaint	The SID holds a meeting once a year with the Non Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
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 316
9.6.4	Rationale for appointing a SID	Compliant	The rationale is given in the Statement of the Senior Independent Director.

CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
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
9.7.4	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	Page 60 of the Annual Report provides the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 11 Directors up to 31st March 2024. On 1st April 2024, an additional Independent Director was appointed.
9.8.2	Independent Directors ('IDs')	Compliant	Six Directors are Independent as at 1st April 2024
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. The Board having considered that the Independent Directors who have served over 9 years do not exert control over the Company and are capable of acting in an impartial and independent manner, determined that they are nevertheless independent. The same is disclosed on page 322.
9.9	Alternate Directors	Not Applicable	The Board does not have any alternate directors
9.10.(1)	Disclosure relating to Directors		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 44 to 47 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	Disclosure relating to Directors	Compliant	Pages 286 to 294 of the Annual Report of the Board of Directors contains the relevant information
9.11.1-3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 321 to 322.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprised 3 Independent Non Executive Directors. On 17th May 2024 Mr. T.A.B. Speldewinde (Independent Director) was added to the Committee. There are no Executive Directors on the Committee. Please refer the Report on Pages 321 to 322.

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Hayleys' Extent of Adoption
9.12.1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 323 and Principles B1 to B3 on page 78 of this Corporate Governance Report.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	
9.13.1	Composition of Audit Committee	Compliant	The Audit Committee comprises 4 Independent Non Executive Directors. The Committee has well defined Terms of Reference defining its scope, authority and duties. Refer Audit Committee Report on pages 319 to 320.
9.13.4	Audit Committee Functions	Compliant	
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 3 Directors out of which 2 Directors are Independent. A new Independent Director was added to the Committee on 17th May 2024. Please see the Report of the Related Party Transaction Review Committee in page 324
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 324.
9.14.4	RPTRC Meetings	Compliant	RPTRC met 04 times during the year 2023/24.
9.14.7	Immediate Disclosures	Compliant	Please refer Note 38 of the Notes to the Accounts on pages 430 to 433
9.14.7	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 page 433
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on page 324
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 286 to 294
9.16	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 286 to 294
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on pages 321 to 322
9.11.6	Disclosures in Annual Report	Compliant	Refer the Nominations and Governance Committee Report on pages 321 to 322

CORPORATE GOVERNANCE

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 61. 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 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 59 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 pages 104 to 112, 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 necessary.	☑
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. Dr H Cabral, PC, 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
	<p>b. Sufficiency of information in Board packs and timely availability of the same</p> <p>c. Induction programmes for newly appointed Directors to acquaint them with their duties and responsibilities and Corporate Governance structure of the Group</p> <p>d. Effective participation of Executive and Non-Executive Directors,</p> <p>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</p> <p>f. Sufficient balance of power between Executive and Non-Executive Directors</p> <p>g. Views of directors are obtained and the minutes reflect the deliberations of the Board</p> <p>h. Board's control of the affairs of the company and its obligations to shareholders and stakeholders</p>	
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 now 6 Independent, Non-Executive Directors on the Board, similar to the number of Executive Directors.	☑
A.5.1 Majority of Non-Executive Directors	All six Non-Executive Directors are independent of any material business relationships.	☑
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	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.5.5 Annual determination of independence	The Company does not have any alternate Directors	☑
A.5.7 & A.5.8 Senior Independent Directors	<p>Dr. H. Cabral PC 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 316 of this Report.</p>	☑

Code Ref.	Compliance and Implementation	Compliance	
A.5.9 Annual In camera meeting with NED	The Chairman holds a meeting with only Non-Executive Directors at least once a year.	☑	
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 Committee on pages 321 to 322.	☑	
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 60 for further information.	☑	
A.10 Annual Report to disclose specified information regarding directors		☑	
	Page		
	Profiles of Board members		44 - 47
	Membership of sub-committees and attendance at Board and Subcommittee meetings		61
	Remuneration paid to directors		369
	Board seats held by each Director in listed and unlisted companies		61
	Names of listed and non listed companies in Sri Lanka in which they serve as directors	44 - 47	

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.	<input checked="" type="checkbox"/>
DIRECTORS' REMUNERATION		
B.1. Establish process for developing policy on executive and director remuneration.	Refer Remuneration on page 323	<input checked="" type="checkbox"/>
B.2. Remuneration Committee	Refer to Remuneration Overview on page 67 of the Corporate Governance Report for information on the Group's approach towards remuneration. Also refer to page 323 for the Remuneration Committee Report.	
B.3 Disclosure of remuneration	The Report of the Remuneration Committee on page 323 provides a statement on Remuneration Policy. The total for Directors' Remuneration is given on page 308	<input checked="" type="checkbox"/>
RELATIONS WITH SHAREHOLDERS		
C.1. Constructive use of the AGM & Other General Meetings	Refer Upholding rights of shareholders on 67	<input checked="" type="checkbox"/>
C.2. Communication with shareholders		
C.3. Disclosure of major transactions	<p>Transactions, if any, which materially affect the net asset base of Hayleys PLC, will be disclosed in the Quarterly / Annual Financial Statements.</p> <p>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</p>	<input checked="" type="checkbox"/>
ACCOUNTABILITY & AUDIT		
D.1 Accountability & audit	<p>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.</p> <p>Hayleys PLC has complied with the reporting requirements prescribed by the Colombo Stock Exchange.</p> <p>ous loss of capital to convene an EGM in terms of the Companies Act.</p>	<input checked="" type="checkbox"/>

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 pages 82 to 85. • Industry structure and developments – on pages 114 to 245. • Opportunities & Threats – on pages 104 to 112. • Risk Management – on pages 104 to 112. • Internal control systems and their adequacy – on page 318 • Corporate and enterprise governance- on pages 52 to 80 • Stakeholder relationships on page 67. • Social and environmental, governance activities carried out by the Company- on pages 101 to 103 • Financial performance on pages 248 to 252 • Investment in physical and intellectual capital on pages 273 to 277 • Human resource management on pages 256 to 265 • Prospects for the future on pages 114 to 245 • The Annual Report of the Board of Directors on the Affairs of the Company given on pages 286 to 294 cover all areas of this section. • The “Statement of Directors’ Responsibilities” is given on page 317. • The Directors’ Statement on Internal Controls is given on page 318. • The “Independent Auditors’ Report “on pages 326 to 329 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 104 to 112 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 319 to 320 of this Annual Report for further information.	☑
D.3. Audit Committee	Refer Audit Committee on pages 319 to 320	☑
D.4. Risk Committee	The Board’s oversight on risk management aspects including identifying and assessing risks and managing exposures is given on pages 104 to 112 of this Report.	
D.5 Related Party Transactions Review Committee	Refer Report of the Related Party Transactions Review Committee on page 324 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 64 for further information.	☑
D.5 Corporate Governance Disclosures	The Corporate Governance Report from pages 52 to 80 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 251	☑
E.2 Evaluation of Governance Disclosures	All shareholders are provided sufficient information to facilitate and encourage effective shareholder participation including governance matters.	☑

CORPORATE GOVERNANCE

Code Ref.	Compliance and Implementation	Compliance
F. OTHER INVESTORS	Individual shareholders actively participate in the Group's AGM and exercise their voting rights.	☑
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 Deputy General Manager was recruited on 1st April 2021	☑
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.	☑
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 288 to 304 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 86 to 89.	☑
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 page 290 of this Report. The Group's approach to managing the following elements are described in the given page references. <ul style="list-style-type: none"> • Health and safety: page 265 • Climate change: page 288 • Pollution prevention: page 288 • Effluent treatment: page 282 • Sustainable resource use: page 104 • Restoration of natural resources: page 277 • Renewable energy: page 279 • Biodiversity: page 286 	☑
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 page 288	☑