

DIVERSE OPPORTUNITIES





DIVERSE OPPORTUNITIES

In a world defined by constant change, our commitment to growth, sustainability, and innovation anchors us at Horana Plantations. As one of Sri Lanka's premier plantation companies, today our fields have embraced a strategic shift towards diversification, reflecting our pragmatic response to the evolving dynamics of the global market. Within our expansive plantations, Coffee, Coconut, and Cinnamon now share the same soil. This diversification is not just an adaptation to industry shifts but a calculated initiative to empower our communities in the long-term.

Entering a new era of productivity, today we have also invested in cutting-edge automation, streamlining our processes and ensuring efficiency at every stage. Within this transformation, we steadfastly adhere to the principles of a circular economy, ensuring that every aspect of our operations contributes to the sustainability and resilience of our ecosystem.

Together, let's harvest these diverse opportunities, ensuring a fruitful harvest for generations to come.

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ABOUT THIS REPORT



HPL's 3rd
Integrated and
ESG Report

In the current Annual Report and Sustainability Report of Horana Plantations PLC (HPL), we have continued to adopt the Integrated Reporting format for the financial year 2023/24. We have also improved our ESG reporting by commencing the transition to the GRI's Sector Standard for Agriculture (2022). Due to the vital significance of weather conditions on the Company's financial sustainability as an agricultural producer, we have also commenced SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 - Climate Related Disclosures under 'Climate First' Reporting.

This Integrated Annual Report provides an exceptional level of transparency for our stakeholders by adopting multiple ESG reporting formats, in addition to statutory annual reporting disclosures.

PURPOSE OF THIS REPORT

As HPL's Annual Report

This report presents the Audited Financial Statements of HPL for the Financial year 1 st April 2023 to 31st March 2024.

This report also includes all statutory disclosures under:

- The Sri Lanka Accounting Standard issued by the Institute of Chartered Accountants of Sri Lanka.
- The Companies Act of 2007.
- The Colombo Stock Exchange Listing Rules
- Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995.
- Good Governance disclosures of the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka
- Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

As HPL's Annual ESG Report

HPL's ESG progress during the period 1st April 2023 to 31st March 2024 has been presented by adopting:

- The Integrated Reporting Framework of 2001
- GRI 13: Agriculture, Aquaculture and Fishing Sectors Standards 2022. Please refer GRI Index on **page 328 to 335**
- UN Sustainable Development Goals (UNSDGs) for ESG Reporting
- SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 - Climate Related Disclosures under 'Climate First' Reporting
- Non-Financial Reporting Guideline issued by the Institute of Chartered Accountants of Sri Lanka

As HPL's Annual Progress Report under the UN Global Compact (UNGC):

As a signatory to the UNGC, HPL is required to submit Annual Progress Reports under the UNDP principles. This report has been compiled to meet this requirement.

- UNGC Human Rights Principles : **page 144**
- UNGC Labour Principles: **page 122**
- UNGC Environmental Principles : **page 163**
- UNGC Anti-corruption Principles : **page 146**

GRI 2 Scope and Boundary of this Report

GRI 2-2 Entities included in the Sustainability Report	This Integrated/ESG Report and Financial Statements are limited to Horana Plantations PLC
GRI 2-3 Reporting Period and Frequency	1st April 2023 to 31st March 2024
Reporting period for Financial Reporting	1st April 2023 to 31st March 2024
Publication date of the Report	29th May 2024
Contact point for questions about the report	General Manager – Finance Horana Plantations PLC No. 400, Deans Road, Colombo 10. Tel : +94 0112627302 E-mail: horanap@hplnet.com
GRI 2-4 Restatements of information made from previous reporting periods	There are no restatements from the previous reporting period of 1st April 2022 to 31st March 2023.
GRI 2-5 Policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved	The current report has received external assurance from Messrs. Ernst & Young, Chartered Accountants. This has been done with the approval of the HPL's Board of Directors/Audit Committee.
Relationship between the Organization and the Assurance Provider	Messrs. Ernst & Young, Chartered Accountants is an independent external services provider appointed by Board of Directors/Audit Committee of Horana Plantations PLC after the following recommended procedures. There is no further affiliation between HPL and Messrs. Ernst & Young, Chartered Accountants.

REPORTING HIGHLIGHTS – 2023/24

- GRI 13: Agriculture, Aquaculture and Fishing Sectors Standards 2022
- SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 - Climate Related Disclosures under 'Climate First' Reporting

ABOUT THIS REPORT

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements, which relate to the possible future financial position and results of HPL's operations. These statements by their nature involve an element of risk and uncertainty, as they relate to events and depend on circumstances that may or may not occur in the future. However, we do not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise.

Way Forward - page **66**

BOARD RESPONSIBILITY STATEMENT

The Horana Plantations PLC Board undertakes full responsibility for the integrity and completeness of this integrated annual report for the FY 2023/24. To the best of our knowledge, this report provides a fair and transparent account of all material issues underlying the sustainability of the Company and complies with the Integrated Reporting principles.



Mohan Pandithage
Chairman - Executive Director

13th May 2024

DIGITAL TRANSFORMATION OF THE ANNUAL REPORT



Interactive Web Version of the Annual Report



Annual Report 2023/24

The extent of our assurance for this report is further demonstrated by the following statutory reports :-

Independent Auditor's Report on Financial Statements

page **243**



Independent Auditor's Report on Integrated Reporting

page **321**



Independent Auditor's Report on Sustainability reporting criteria (EESG)

page **323**



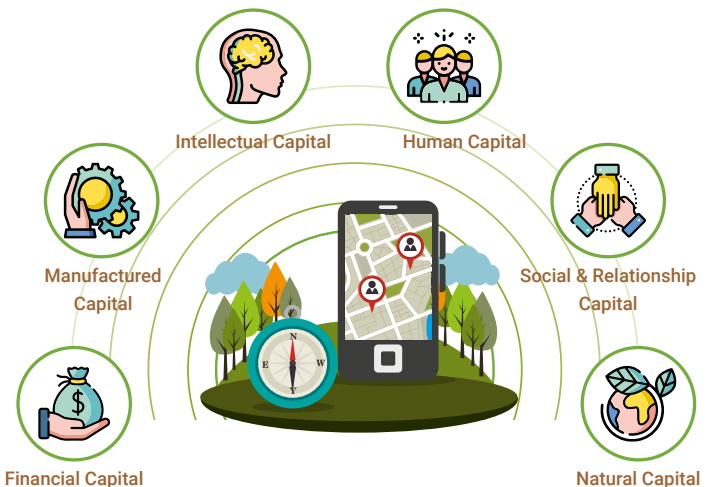
The GHG Inventory Report, verified by the Sri Lanka Climate Fund

page **57**



• Statement of Directors' Responsibilities on page	230
• Managing Director's, Chief Executive Officer's and General Manager- Finance's Responsibility Statement on page	240
• Directors' Statement on Internal Controls	239

NAVIGATION ICONS





VISION:

TO BE THE FOREMOST PRODUCER AND MARKETER OF TEA, RUBBER, OIL PALM & OTHER ANCILLARY CROPS IN SRI LANKA.

MISSION:

TO ADOPT THE BEST AGRICULTURAL PRACTICES, MEASURING RETURNS AGAINST A LONG TERM INVESTMENT HORIZON.

VALUES:

EMPLOYEES

We consider our employees as our assets and always create an environment for their contribution towards the management of the Company to increase productivity. We have also created career paths for all employees as well as a high degree of job security.

CUSTOMERS

Our desire is to supply high quality products and acceptable service for all our customers. We constantly look out for customer requirements and trends in order to customise our products.

OWNERS

We display a high sense of integrity and discipline in order to enhance the reputation of the company. We always take steps to improve shareholder wealth to generate adequate return on their investments.

SUPPLIERS

We always maintain strong relationships with our supplier base, thereby building trust, consistency in quality and reliability.

SOCIETY

We focus on operating our business in a socially responsible and ethical manner. In addition, we have undertaken many initiatives to protect the environment, and contribute towards enhancing the quality of life of people around us.

ABOUT HORANA PLANTATIONS

HPL is a member of the Hayleys PLC group of companies, the most diversified and largest listed business conglomerate in Sri Lanka. However, HPL's history extends into Sri Lanka's colonial Tea history. Today, the Company has evolved into a diversified agri-business that is rapidly modernizing.



GRI 2-1 Organizational Details

Legal Name	Horana Plantations PLC PQ 126
Nature of Ownership and Legal Form	<p>HPL is a subsidiary of Hayleys Plantation Services (Private) Limited and the ultimate parent is Hayleys PLC.</p> <p>Horana Plantations PLC is a quoted public company with limited liability, incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 in terms of the provisions of the Conversion of Public Corporations of Government Owned Business Undertakings into Public Companies Act No.23 of 1987 and reregistered under the Companies Act No.7 of 2007.</p> <p>Horana Plantations PLC was listed in the Colombo Stock Exchange in 1996 bearing the stock symbol HOPL.N0000.</p>
Location of its Head Office	No.400 Deans Road, Colombo 10
Countries of Operation	Sri Lanka

PRODUCTION CAPACITY

3 Mn Kgs
TEA

1 Mn Kgs
RUBBER

3 Mn Kgs
OIL PALM





OUR PLANTATIONS



ALTON ESTATE

Planting District - **Nuwara Eliya**
 Crop - **Tea**
 Extent - **350 (Ha)**
 Elevation (Ft) - **4,700-5,550**
 Garden Mark - **Alton**
 MF No - **MF 0769**
 Production (Kg'000) - **Tea -226**
 Employee Strength- **371**



MAHANILU ESTATE

Planting District - **Nuwara Eliya**
 Crop - **Tea**
 Extent - **236 (Ha)**
 Elevation (Ft) - **4,500-5,000**
 Garden Mark - **Mahanilu**
 MF No - **MF 0044**
 Production (kg'000) - **Tea -159**
 Employee Strength- **226**



STOCKHOLM ESTATE

Planting District - **Nuwara Eliya**
 Crop - **Tea**
 Extent - **305 (Ha)**
 Elevation (Ft) - **4,800**
 Garden Mark - **Stockholm**
 MF No - **MF 0159**
 Production (kg'000) - **Tea -230**
 Employee Strength- **321**



BAMBRAKELLY ESTATE

Planting District - **Nuwara Eliya**
 Crop - **Tea**
 Extent - **591 (Ha)**
 Elevation (Ft) - **4,200-5,400**
 Garden Mark - **Bambrakelly**
 MF No - **MF 0568**
 Production (kg'000) - **Tea -330**
 Employee Strength- **422**



GOURAVILLA ESTATE

Planting District - **Nuwara Eliya**
 Crop - **Tea**
 Extent - **381 (Ha)**
 Elevation (Ft) - **3,600-5,300**
 Garden Mark - **Gouravilla**
 MF No - **MF 0066**
 Production (Kg'000) - **Tea -356**
 Employee Strength- **373**



FAIRLAWN ESTATE

Planting District - **Nuwara Eliya**
 Crop - **Tea**
 Extent - **448 (Ha)**
 Elevation (Ft) - **4,500-4,870**
 Garden Mark - **Fairlawn**
 MF No - **MF 0584**
 Production (kg'000) - **Tea -231**
 Employee Strength- **381**



EILDON HALL ESTATE

Planting District - **Nuwara Eliya**
 Crop - **Tea**
 Extent - **162 (Ha)**
 Elevation (Ft) - **4,430**
 Garden Mark - **Eildon Hall**
 MF No - **MF 0829**
 Production (kg'000) - **Tea -139**
 Employee Strength- **155**



TILLICOULTRY ESTATE

Planting District - **Nuwara Eliya**
 Crop - **Tea**
 Extent - **377 (Ha)**
 Elevation (Ft) - **4,200-5,000**
 Garden Mark - **Mousa Ella**
 MF No - **MF 0715**
 Production (kg'000) - **Tea -197**
 Employee Strength- **194**



MILLAKANDA ESTATE

Planting District - **Kalutara**
Crop - **Tea**
Extent - **387 (Ha)**
Elevation (Ft) - **100**
Garden Mark - **Cristombu/ Mihirigeekelle**
MF No - **MFB1280**
Production (kg'000) – **Tea-64**
Employee Strength- **132**



NEUCHATEL ESTATE

Planting District - **Kalutara**
Crop - **Rubber/ Oil Palm**
Extent - **902 (Ha)**
Elevation (Ft) - **172-495**
Garden Mark - **Neuchatel**
Production (kg'000) – **Rubber-146/ Oil Palm-1,641**
Employee Strength- **316**



MIRISHENA ESTATE

Planting District - **Kalutara**
Crop - **Rubber/ Oil Palm**
Extent - **504 (Ha)**
Elevation (Ft) - **246-330**
Garden Mark - **Mirishena**
Production (kg'000) – **Rubber-96 / Oil Palm- 709**
Employee Strength- **185**



HILLSTREAM ESTATE

Planting District - **Kalutara**
Crop - **Rubber**
Extent - **400 (Ha)**
Elevation (Ft) - **429**
Garden Mark - **Hillstream**
Production(kg'000)- **Rubber-34**
Employee Strength- **86**



HALWATURA ESTATE

Planting District - **Kalutara**
Crop - **Rubber/ Oil Palm**
Extent - **612 (Ha)**
Elevation (Ft) - **396-825**
Garden Mark - **Halwatura**
Production (kg'000) – **Rubber-52/ Oil Palm-289**
Employee Strength- **68**



FROCESTER ESTATE

Planting District - **Kalutara**
Crop - **Rubber/ Oil Palm**
Extent - **864 (Ha)**
Elevation (Ft) - **165-330**
Garden Mark - **Frocester**
Production (kg'000) - **Rubber 188 / Oil Palm -125**
Employee Strength- **185**

HISTORICAL MILESTONES

1992

Horana Plantations Limited
(HPL) was Incorporated on 22nd of June 1992, under the Companies Act No 17 of 1982.

The long-term lease period was reduced from 99 years to 53 years with retrospective effect from 22nd of June 1992, to 21st June 2045.

Bonus share issue of 19,500,000 Ordinary Shares of Rs 10/- and a single Golden Share of Rs 10/- favoring the Secretary to the Treasury.


1995

1996

Ordinary shares of the Company were listed on the CSE and trading commenced on 12th February 1996.

5 Mn, 6% convertible debentures of Rs 10/- each, issued to Ceyexxe Plantations Ltd. (Managing Agent)

Since the privatization, 1st dividend of Rs. 30 Mn paid on 26th June 1996.



The first Company to be accredited as "Certified Oil Palm" in the world. This global recognition was awarded by Forest Stewardship Council (FSC).

**2015
2016**

Parent Company name changed from Ceytea Plantation Management Limited to Vallibel Plantation Management Ltd.

ISO 22000:2005/ HACCP Certification for all Tea Factories.

**2013
2014**

**2017
2018**

Ethical Tea Partnership (ETP) (All Tea Estates)

Forest Stewardship Council™ (FSC™) (All Rubber Estates)

QMS 9001:2008 (02 Rubber Factories)

**2018
2019**


Introduced electronic weighing scale & web-based performance monitoring system for Upcot Estates.

1st Plantation Company in Sri Lanka to obtain Eco Label Certification.

GHG/ Carbon foot Print Certification.


ISO 14001: 2015 Certification for Gouravilla Estate.

**2020
2021**



1997

Fairtrade Certification for **STOCKHOLM & ALTON ESTATES**




1998
1999

The Company's financial year changed from ending 31st December, to ending 31st March.

Debentures to the value of Rs. 50 Mn were converted to ordinary shares.

2000
2001

Introduced "HARVEST IT" ERP System.



Rainforest Alliance Certificate for Upcot Estates.

2012
2013

QMS 9001 : 2008 Certification for Neuchatel and Frocester Estates.

Highest price recorded for a kilo of Rubber in Sri Lankan history by Frocester Estate.

2010
2011

2007
2008

The Company re-registered under the Companies Act No 07 of 2017 and registration No. PQ 126.

The Company name changed to Horana Plantations PLC.

2021
2022

Runners-up – Agriculture & Plantation sector, Merit Award in CSR at National Business Excellence Awards)

Commenced Rooftop Solar Power project covering 5 Tea Factories in Upcot.

Created an 18 km "Peak-Ridge Forest Corridor" cutting across Stockholm, Mahanilu and Alton estates.

Bronze Award for the Plantation sector at the 56th Annual Report Awards 2021 at ICSL Awards.

Change of Ownership - The Company became a subsidiary of Hayleys Plantation Services (Pvt) Ltd., and an ultimate parent company of Hayleys PLC.

Great Place to Work Certified & recognized as one of the 15 best workplaces in the manufacturing and production industry.

Solar Project Registered under the Sri Lanka Carbon Crediting Scheme (SLCCS) as the 7th project in Sri Lanka.

Achieved the highest PBT of Rs. 657 Mn.

Bronze Award for the Plantation Sector at the 57th Annual Report Awards 2022 at CA Sri Lanka TAGS Awards.

2022
2023

2023
2024

Gold Award - Agriculture Sector, at Best Presented Annual Report -2021/22 Awards and Integrated Reporting Awards - South Asian Federation of Accountants.

Silver Award for the Plantation sector at the 58th Annual Report Awards 2023 at CA Sri Lanka TAGS Awards.

HPL is the first Asian company that has been certified under the Ecosystem Restoration Verification (ERV) program

OUR BUSINESS

GRI 2-6 (a) Business Sector

There have been no changes to the Company's activities, products and services, business relationships, value chain and supply chain, from the previous reporting period.

HPL business sector is the plantations sector and HPL's primary activity is the management of Tea and Rubber estates and the cultivation, manufacture and sale of plantation produce. HPL has diversified its portfolio to include Oil Palm, Coconut, Coffee and Other Agricultural Produce, which are cultivated in the Company's Tea and Rubber estates. HPL manages 14 estates that are accredited for international quality and ethical production.

GRI 2-6 (b) i Activities, Products and Markets

HPL Activities	HPL Products	Markets Served
<p>Tea cultivation in 9 Tea Estates</p> <ul style="list-style-type: none"> • Alton Estate • Fairlawn Estate • Gouravilla Estate • Stockholm Estate • Mahanilu Estate • Bambrakelly Estate • Eildon Hall Estate • Tillicoutry Estate • Millakande Estate 	<p>Green Leaf</p>	
<p>Tea produced in 9 Tea Factories in bulk form</p>	<ul style="list-style-type: none"> • Fair-trade Certified Teas • Orthodox Rotorvane type of Small Grade Teas • High Grown Orthodox Semi Leafy Grade Teas • Flavoured Teas • Single Origin Teas 	<ul style="list-style-type: none"> • Local and Export Market (Through Colombo Tea Auction)
<p>Value Added Tea</p>	<ul style="list-style-type: none"> • Single Garden Teas • Flavoured Teas to be marketed under the HPL brand. 	<ul style="list-style-type: none"> • Local and Export markets
<p>Rubber cultivation in 5 Rubber Estates</p> <ul style="list-style-type: none"> • Halwatura Estate • Hillstream Estate • Neuchatel Estate • Mirishena Estate • Frocester Estate 	<p>Latex</p>	
<p>Rubber produced in 3 Rubber Estates</p>	<ul style="list-style-type: none"> • Sole Crepe • Thick Crepe • FUB, UFUB • Forest Stewardship Council Certified Rubber 	<p>Local and Export markets (Through Auctions and Direct Marketing)</p>

HPL Activities	HPL Products	Markets Served
Value Added Rubber	<ul style="list-style-type: none"> Coloured Sole Crepe Pale crepe 	Local and Export Markets
Oil Palm Cultivation	<ul style="list-style-type: none"> Oil Palm (Fresh Fruit Bunches) 	Local Palm Oil Manufacturers
Coconut Cultivation	<ul style="list-style-type: none"> Coconut Coconut Oil 	Local Consumers
Cinnamon Cultivation	<ul style="list-style-type: none"> Cinnamon and Cinnamon Oil 	Local Consumers

Sustainability Accreditations

Alton	RA, Fairtrade, Eco Label, GHG Inventory Verification, ISO 22000:2018, ISO 45001:2018, Carbon Neutral and Ecosystem Restoration Verification
Stockholm	RA, Fairtrade, Eco Label, GHG Inventory Verification, ISO 22000:2018 and Ecosystem Restoration Verification
Gouravilla	RA, Fairtrade, Eco Label, GHG Inventory Verification, ISO 22000:2018, ISO 14001: 2015, ISO 45001:2018, Carbon Neutral and Ecosystem Restoration Verification
Mahanilu	RA, Eco label, GHG Inventory Verification and Ecosystem Restoration Verification
Fairlawn	RA, Eco Label, GHG Inventory Verification, ISO 22000:2018, ISO 14001: 2015, ISO 45001:2018 and Ecosystem Restoration Verification
Eildon Hall	RA, Eco Label, GHG Inventory Verification, ISO 22000:2018
Tillicoultry	RA, Eco Label, GHG Inventory Verification, ISO 22000:2018
Bambrakelly	RA, Eco Label, GHG Inventory Verification, ISO 22000:2018
Neuchatel	ISO 9001:2015, GHG Inventory Verification
Frocester	FSC&COC, ISO 9001:2015, Fair Rubber, GHG Inventory Verification, SL GAP
Millakanda	ISO 22000: 2018, GHG Inventory Verification
Mirishena	GHG Inventory Verification
Halwathura	GHG Inventory Verification and Ecosystem Restoration Verification
Hillstream	GHG Inventory Verification



Oil Palm harvesting



Rubber and Oil Palm Field - Neuchatel Estate



Tea Harvesting - Gouravilla Estate

OUR BUSINESS

GRI 2-28

ASSOCIATIONS



In the fast-paced business world, strategic partnerships drive growth and innovation. HPL prioritizes strong affiliations to expand capabilities and deliver value. Through these alliances, we leverage synergies and pursue aligned opportunities.

AFFILIATIONS

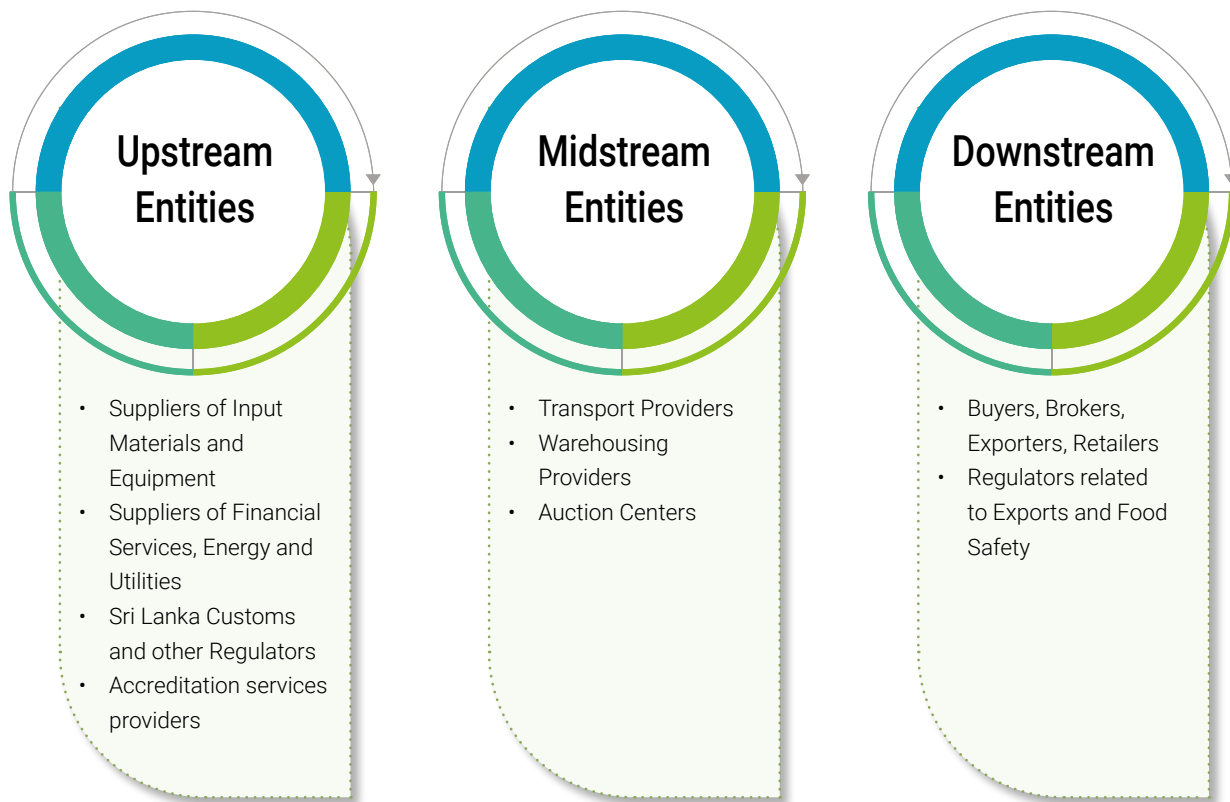
 Sri Lanka Tea Board	 Save the Children - Sri Lanka	 Ministry of Plantation Industries
 National Institute of Plantation Management	 Tea Research Institute of Sri Lanka	 Biodiversity Sri Lanka
 The Ceylon Chamber of Commerce	 Rubber Research Institute of Sri Lanka	 Wildlife and Nature Protection Society
 Plantation Human Development Trust (PHDT)	 Coconut Research Institute of Sri Lanka	 Sri Lanka Association for the Advancement of Quality and Productivity
 Department of Labour	 Coconut Cultivation Board	 The Centre for Child Rights and Business

GRI 2-6 (b) ii. Our Supply Chain

Please refer the UNGC disclosures and GRI Procurement Practices, in Social Capital Page 149.

GRI 2-6 (b) iii. Entities downstream from the Organization and their Activities

Downstream entities are mainly Tea and Rubber brokers and Other Agricultural Produce marketers that are involved in exporting and marketing HPL produce. HPLs dealing with these entities are conducted through contractual agreements and HPL has no further connection to these entities.



GRI 2-6 (c) Other relevant Business Relationships

Relevant Business Relationships - other than the Upstream, Midstream and Downstream entities- include:

- Joint Venture Partners
- Accreditation/Certification Providers
- Technical Institutions
- National and Non-Governmental Organizations that engage with the Company to provide Social Welfare facilities for Estate Communities

GRI 2-6 (d) Significant changes in the Supply Chain

There were no significant changes to HPL's Supply Chain and Supply Chain Entities during the current financial year, compared to the previous year.

BUSINESS MODEL

GRI 2-6(b)ii

CAPITAL INPUTS

VALUE GENERATING


CAPITAL RESOURCES AND ADOPTIONS

OUR INPUTS

 **FINANCIAL CAPITAL**

With an exceptionally challenging and unpredictable operating environment, Company have strengthened its financial basis.

Rs. **880** Mn Equity Capital
 Rs. **1,869** Mn Debt Capital
 Rs. **4,700** Mn Total Assets

 **MANUFACTURED CAPITAL**

Assets encompass Biological, Structural, and Technological components. By optimizing maintenance processes, instituting robust quality control measures, and fostering operational flexibility, the company strengthens its operational foundation and adapts effectively to market demands competitiveness and significantly improved customer satisfaction.

14 Estate
250 Oil Palm (Ha)
2,945 Tea & Rubber (Ha)
702 Diversified Crops (Ha)

 **SOCIAL & RELATIONSHIP CAPITAL**

Developing strong Social and Relationship Capital is critical for bolstering our reputation, mitigating risks, and fostering sustained value for stakeholders. We necessitate proactive engagement, ethical behavior, and a steadfast focus on sustainability and social responsibility.

5 No of brokers
29,115 Estate Resident Community
102 Bought leaf suppliers

- Procurement Best Practices
- Global best practices- estate manufacturing quality
- Service Providers Selection Policy
- Community Investment Strategy

 **INTELLECTUAL CAPITAL**

Through investments in research, technology, and knowledge transfer, we can develop new farming techniques, crop varieties, and sustainable practices. This innovation enables us to adapt to changing market conditions and climate variability.

- Certifications and Licenses
- Long standing brand reputation
- Innovation strategy
- Knowledge-based systems
- Industry memberships
- Business Ethics

 **NATURAL CAPITAL**

Managing and preserving natural resources sustainably is essential for the long-term success of our operations and the surrounding environment. We adopted sustainable practices and contributed to environmental goals.

- Environmental Policy
- Environmental Compliance
- Environmental Best practices
- GHG Inventory Report
- Organic fertiliser manufacturing project
- Investment in energy efficient infrastructure

 **HUMAN CAPITAL**

Human capital encompasses the combined expertise, know-how, experience, and abilities of plantation managers, agricultural experts, field workers, and administrative staff. It's a vital asset in every industry. Despite skilled labor shortages, companies sustain efficiency and productivity by embracing innovative methods and strategic approaches.

3,455 Employees

- Competitive Remuneration
- Motivation and Rewards
- Training and Development
- Industrial Relations Framework

VISION

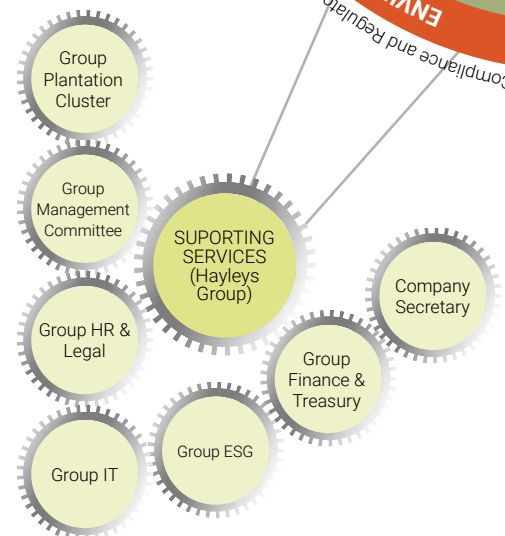
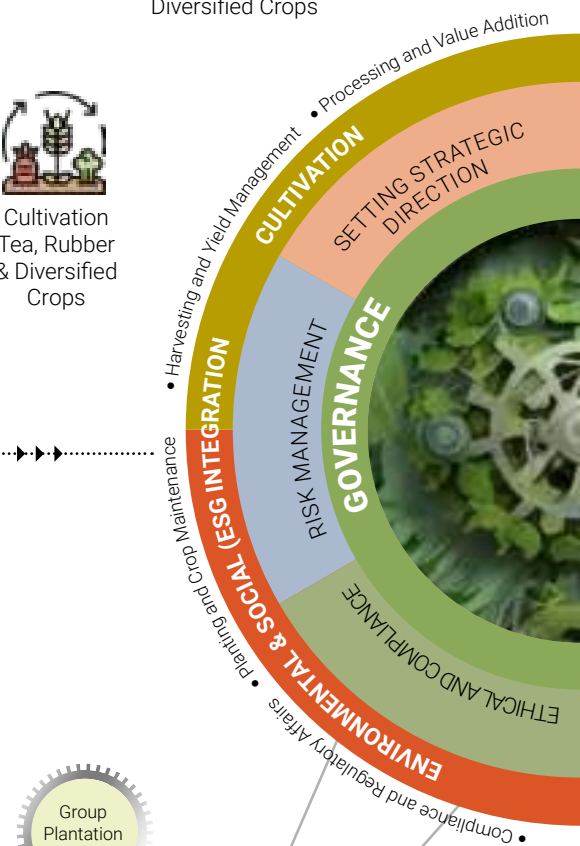
TO BE THE FOREMOST PRODUCER AND MARKETER OF TEA, RUBBER, OIL PALM & OTHER ANCILLARY CROPS IN SRI LANKA.

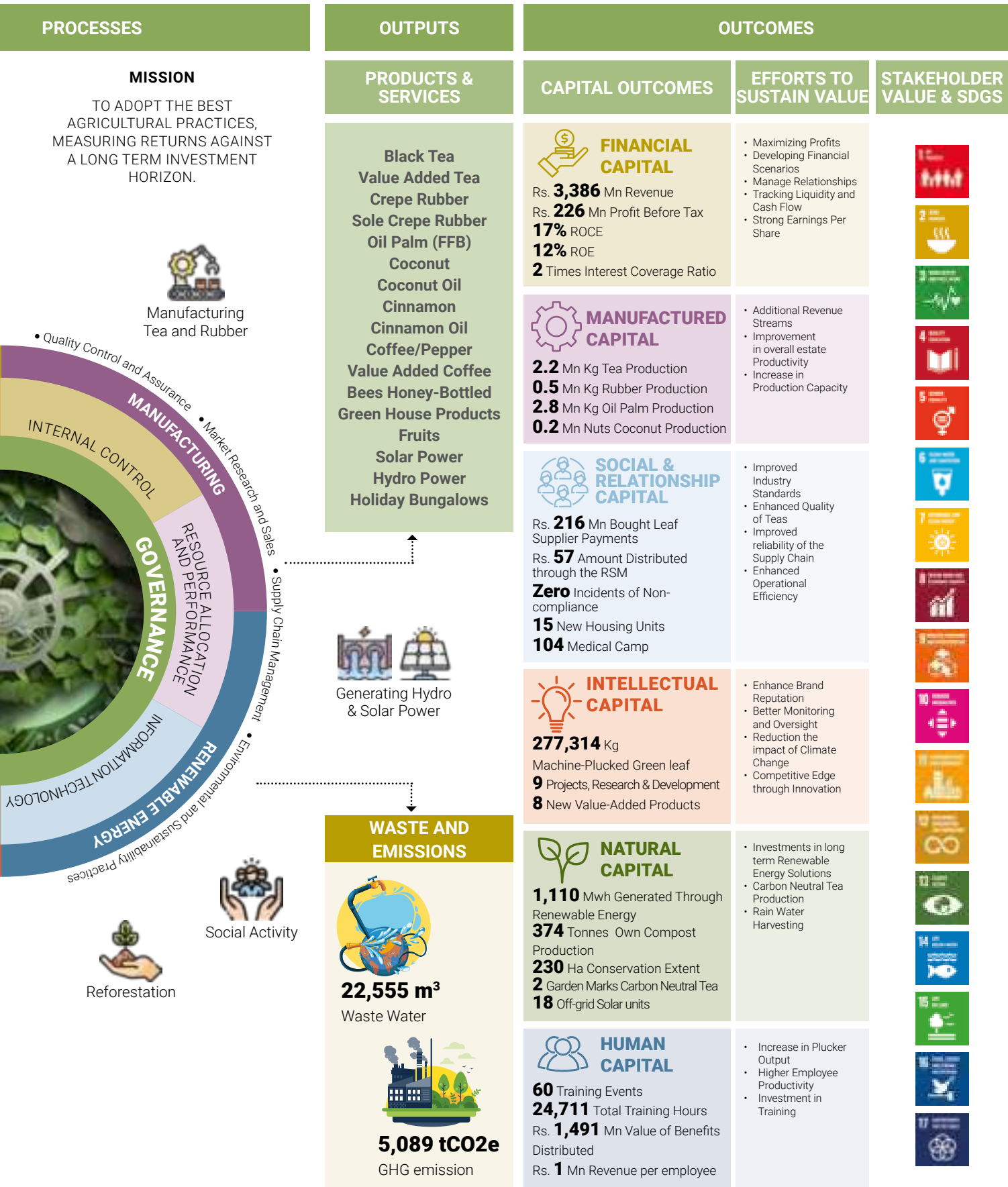


Harvesting Tea, Rubber, Oil Palm & Diversified Crops



Cultivation Tea, Rubber & Diversified Crops

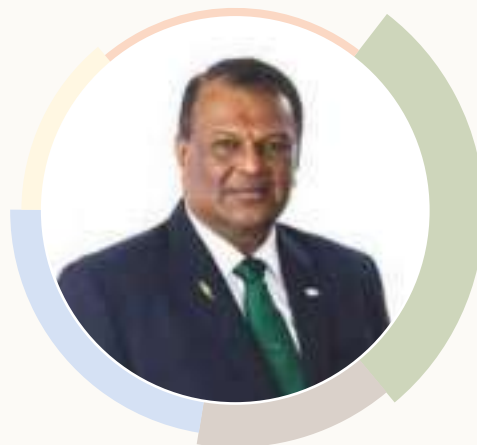




BOARD OF DIRECTORS



Mr. A M PANDITHAGE
Chairman - Executive Director



Dr. ROSHAN RAJADURAI
Managing Director



Mr. S C GANEGODA
Non-Executive Director



Mr. K D G GUNARATNE
Independent Non-Executive Director



Mr. A N WICKREMASINGHE
Non-Executive Director





Mr. J A RODRIGO
Director/Chief Executive Officer



Mr. T A B SPELDEWINDE
Senior Independent Director



Mr. S M LIYANAGE
Non-Executive Director



Mr. M C B TALWATTE
Independent Non-Executive Director

BOARD OF DIRECTORS

Mr. A M PANDITHAGE

Chairman - Executive Director

Mr. A M Pandithage currently serves as the Chairman and Chief Executive of Hayleys PLC, a position he has held since his appointment in July 2009. Appointed to the Board of Horana Plantations PLC in July 2013.

As an accomplished industry veteran and respected leader in the field of transportation and logistics, he was honoured with the prestigious 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers, in recognition of his outstanding contributions to the industry. Additionally, he was presented with a Lifetime Achievement Award by the Seatrade-Sri Lanka Ports, Trade and Logistics (SLPTL). He was the first Sri Lankan to be awarded the Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). He was also inducted as a 'Legend of Logistics' by the Sri Lanka Logistics and Freight Forwarding Association, in acknowledgement of his invaluable services to Sri Lanka's logistics industry.

Mr. Pandithage serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. He is a Fellow of the Chartered Institute of Logistics and Transport (UK) and a Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA). He also serves as a Council Member of the Employers' Federation of Ceylon.

As an Executive Chairman of multiple companies within the Hayleys Group, Mr. Pandithage possesses extensive leadership experience across a broad spectrum of industries. Presently, he holds the position of Executive Chairman at Dipped Products PLC, Haycarb PLC, Hayleys Fibre PLC, Hayleys Fabric PLC, Talawakelle Tea Estates PLC, Kelani Valley Plantations PLC, Alumex PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC and Hayleys Leisure PLC.

Dr. ROSHAN RAJADURAI

Managing Director

Dr. Roshan Rajadurai joined the Plantation Sector in 1983, and served in the Janatha Estates Development Board (JEDB) till 1992 privatization of Plantations and counts over 40 years of planting experience. He was an Estates Group Manager of Hayleys, Kelani Valley Plantations in Nuwara Eliya. In 2002 he joined Kahawatta Plantations of Dilmah as General Manager and was Director CEO from 2008 to 2012. He re-joined Hayleys in 2013 as Hayleys Group Management Committee Member for Plantations Sector and is responsible for Kelani Valley, Talawakelle and Horana Plantations.

He had been the Chairman of the Planters' Association of Ceylon, Board Member of the Sri Lanka Tea Board, Tea Research Institute, Rubber Research Board, Tea Small Holdings Development Authority and the Tea Council of Sri Lanka. He is the Chairman of the Sustainability Group of Sri Lanka Tea Road Map Strategy 2030. He serves as a member of the Tea Research Board Consultative Committee on Research and is the Chairman of the Tea Research Board Consultative Committee on Estates and Advisory Services. He serves as a member of the Board of Study in the Faculty of Agriculture and Plantation Management at Wayamba University and is in the Board of Academic Affairs of the National Institute of Plantation Management. He served as a Chairman of the Plantations Group in the Council for Agriculture Research and Policy (CARP). He serves in the Standing Committee on Agriculture of University Grants Commission and also serves as a member of Public Expenditure Review Committee (PERC) on Ministry of Plantations.

He holds a B.Sc Honours in Plantation Management, M.Sc. (OB), an MBA and an M.Sc. In Agriculture and Plantation Crops from the Post Graduate Institute of Agriculture, University of Peradeniya. He has a Ph.D in Management and a D.Sc in Agriculture.

Mr. S C GANEGODA

Non-Executive Director

Rejoined Hayleys in March 2007. Appointed to the Group Management Committee in July 2007. Appointed to the Board in September 2009. Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas. Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Unisyst Engineering PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, Horana Plantations PLC.

Mr. K D G GUNARATNE

Independent Non-Executive Director

Mr. Gunaratne presently serves as Chairman of Lanka Hotels and Residencies Pvt Ltd (Sheraton Colombo), Board Member of Swisstek Ceylon PLC, Regnis Lanka PLC, Singer Industries (Ceylon) PLC, Dipped Products PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Lanka Ceramic PLC, Hayleys PLC and SLIIT International (Private) Limited.

Previously he has served as Vice Chairman of National Water Supply and Drainage Board.

Mr. A N WICKREMASINGHE

Non-Executive Director

Appointed to Horana Plantations PLC in December 2013. He was previously a Director of Udapussellawa Plantations PLC and Hapugastenne Plantations PLC. He is also the Chairman of Virtus Capital (Pvt) Ltd.

Until early 2012, Mr. Wickremasinghe was General Manager of Finaly Tea Estates Sri Lanka PLC.

Mr. Wickremasinghe has extensive senior management experience and technical expertise in the plantation sector in Sri Lanka. His specialized training includes logging and harvesting trees in Germany's Black Forest; Plant breeding at the Ravi Shankar University in Raipur, India and in Sloping Agriculture Land Technology in Mindanao Philippines.

Mr. J A RODRIGO

Director/Chief Executive Officer

Appointed as Director/Chief Executive Officer of Horana Plantations PLC on 1st April 2020, he counts over 38 years of experience in the Plantation Sector. Having joined as a Planter/Management Trainee under Janatha Estates Development Board, he joined Kelani Valley Plantations PLC in Hayleys Group with the privatization of estates in 1992, and held the position of Director Corporate Affairs.

He serves as a Director at Ceylon Tea Museum, Plantation Human Development Trust and an active committee member of Ceylon Planters Provident Society and Estate Staffs' Provident Society.

Mr. T A B SPELDEWINDE

Senior Independent Director

Mr. Speldewinde is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants, UK. He possesses wide experience in managing local as well as international facilities and has been an integral member of the MAS Group for over 26 years.

Mr. Speldewinde is a Board Member of Hayleys PLC and serves on the Board of The Kingsbury PLC as Audit Committee Chairman. He is a Director and the Chairman of the Audit Committee of WealthTrust Securities Limited, a director of Contemporary Ceylon (Pvt) Ltd and a Consultant to the Board of MAS Holdings (Pvt) Ltd. He was the former CEO of Stretchline Holdings headquartered in Hong Kong, with manufacturing facilities in Sri Lanka and overseas.

Mr. S M LIYANAGE

Non-Executive Director

Mr. Liyanage is a respected professional with over 10 years' experience and a record for exceptional performance. He has demonstrated transformational leadership in business transformation for the companies under the Vallibel One PLC Group.

Mr. Liyanage has a degree in Bachelor of Science in Industrial Management and Statistics from the Wayamba University of Sri Lanka and Master of Business Administration from University of Kelaniya. He holds a Diploma in Information Technology from University of Colombo.

Mr. Liyanage currently serves as the Group Director Continuous Improvement and Research at Vallibel One PLC, where he is responsible for business strategic planning, supply chain development, developing new business and coordinating manufacturing excellence projects at the Vallibel Group of Companies.

He holds the position of Managing Director at the UniDil Group of Companies and serves as a Board Member of Royal Ceramic Lanka PLC, Lanka Walltiles PLC, Lanka Tiles PLC, Lanka Ceramics PLC and Swisstek Aluminium Limited. He was certified as a Lean Six Sigma Black Belt and has trained as a Lean Six Sigma Master Black Belt. He was also declared as a certified TPM practitioner and has a publication on the topic of Lean Six Sigma 4.0 at the OELSS conference in Colombo. Mr. Liyanage is a Member of the Alumina Association of SSMI Asia and Global. He has participated in International Business and Management at MSU, Malaysia.

Mr. M C B TALWATTE

Independent Non-Executive Director

Mr. Talwatte, an accomplished business professional holds a BEng (Hons) in Manufacturing Systems Engineering and a MSc in Engineering Business Management from the University of Warwick, UK. He commenced his career at Nortel Networks in Project Management with stints in Malaysia and Sri Lanka. With over two decades of management experience, Mr. Talwatte has made significant contributions to the success of businesses locally and internationally. His acumen for innovation and knowledge of the business landscape is evident in his role as a Founder-Director in Healthcare (Lifeline Pharmaceuticals, Credence Genomics), Technology (UPay), and Tourism ventures (Saffron Leisure, Plush Villas); two of which were acquired by publicly listed companies in Sri Lanka.

Mr. Talwatte is Board Member of Talawakelle Tea Estates PLC and Kelani Valley Plantations PLC. He currently serves as the Chair of the George Keyt Foundation, drawing on his extensive knowledge of Sri Lankan art. Formerly he was the Chairman of the Sri Lanka Broadcasting Corporation,

MANAGEMENT TEAM

CORPORATE MANAGEMENT TEAM



B.C. GUNASEKARA
Director Plantations



N.A.A.K. NISSANKA
General Manager- Finance



P.S. SAMARAKOON
General Manager- Cooperate Affairs



B.L.W. GUNAWARDENE
Regional General Manager



J.R. GUNATHILAKE
Manager - Finance



D. CHAMIKA JEEWANTHA
Manager – Accounts & Business Analyst



J. WIJESINGHE
Manager – Forestry



Mrs. INDIKA BERNARD
Manager – Supplies



D. NIPUNA DILSHAN
Manager – Finance



CHAMINDA THILAKARATNE
Manager – Information Technology

MANAGEMENT TEAM

ESTATE MANAGEMENT TEAM

UPCOT CLUSTER :



N P SUDARSHAN
Senior Estate Manager
Gouravilla Estate



D S FERNANDO
Estate Manager
Fairlawn Estate



A D WANNIARACHCHI
Estate Manager
Alton Estate



D N S WIJAYAHENA
Deputy Manager In Charge
Mahanilu Estate



R N GUNASEKARA
Acting Manager
Stockholm Estate

LINDULA CLUSTER :



K I JAYARATHNA
Estate Manager
Tillicoultry Estate/ Eildon Hall
Estate



K L R K DE SILVA
Acting Manager
Bambrakelly Estate

LOW COUNTRY CLUSTER :



M A K G PERERA
Senior Estate Manager
Mirishena Estate



S H M GUNAWARDENA
Senior Estate Manager
Frocester/Kobowella Estate



K D L G SANJEewa
Senior Estate Manager
Neuchatel Estate



W N M WIJENAYAKA
Estate Manage
Hillstream Estate



P EPITAWALA
Assistant Estate Manager In Charge
Halwatura Estate



V KARUNARATHNA
Estate Manager
Millakanda Estate



TEXTURED STRONGHOLDS

We present a concise yet complete picture of the inner workings of Horana Plantations that have kept the wheels of creativity, productivity, community and sustainability turning.

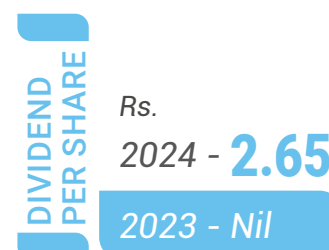
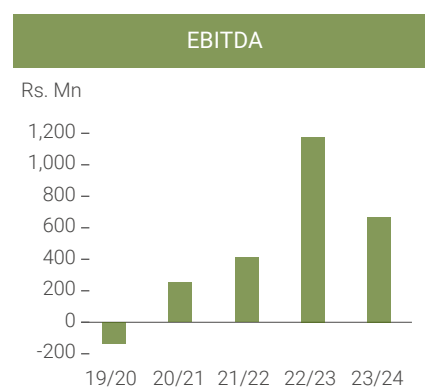
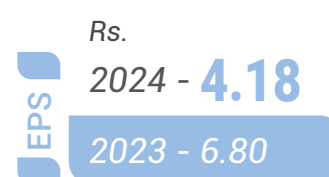


YEAR IN SUMMARY

30 Financial Performance | 31 ESG Performance
38 Awards and Accolades | 40 Chairman's Message
44 Managing Director's Review

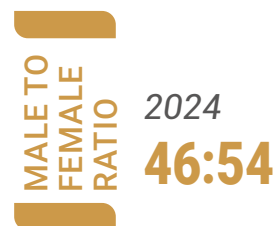
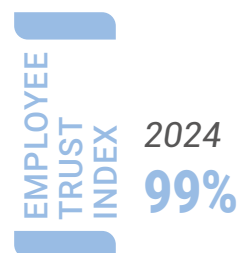
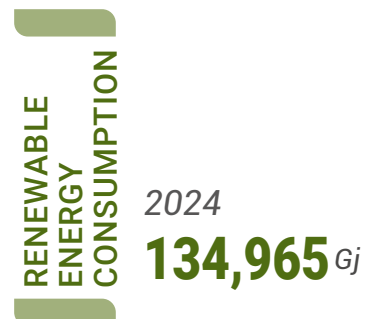
FINANCIAL PERFORMANCE

As at 31st March	2024	2023	Change
	Rs'000	Rs'000	%
Financial Performance			
Revenue	3,385,735	3,794,035	(10.8)
Gross Profit	653,255	1,234,689	(47.1)
Profit from Operations	461,103	986,510	(53.3)
Net Finance Expenses	(234,620)	(329,418)	28.8
Profit before Taxation	226,483	657,092	(65.5)
Tax Expense	(121,978)	(487,030)	75.0
Profit after Taxation	104,505	170,062	(38.5)
Other Comprehensive Expense	(87,812)	(36,232)	(>100)
Total Comprehensive Income	16,693	133,830	(87.5)
Financial Position			
Shareholders' Funds	880,396	929,954	(5.3)
Borrowings	1,869,483	1,687,817	(10.8)
Total Liabilities (excluding Borrowings)	1,950,510	1,737,400	(12.3)
Total Assets	4,700,389	4,355,171	7.9
Cash Flows			
Operating Activities	362,914	681,563	(46.75)
Investing Activities	(430,235)	(430,107)	(0.03)
Financing Activities	250,523	(227,186)	>100
Total Net Cash Inflow for the period	183,202	24,270	>100
Cash & Cash Equivalents at the end	(276,422)	(459,624)	39.86
Key Indicators per Ordinary Share			
Earnings/(Loss) per Share (Rs.)	4.18	6.80	(38.6)
Market Price per Share (Rs.)	39.50	52.50	(24.8)
Dividend per Share (Rs.)	2.65	-	100.0
Net Assets per Share (Rs.)	35.22	37.20	(5.3)
Price-Earnings Ratio (times)	9.45	7.72	22.4
Earnings Yield (%)	10.58	12.96	(18.3)
Key Ratios			
Current Ratio (times)	0.67	0.54	23.5
Interest Cover (times covered)	1.97	2.99	(34.4)
Revenue to Capital Employed (times)	1.23	1.45	(15.0)
Property, Plant & Equipment to Shareholders' Equity (times)	0.66	0.59	11.1
Gross Profit Margin (%)	19.29	32.54	(40.7)
Operating Profit Margin (%)	13.62	26.00	(47.6)
Net Profit Margin (%)	3.09	4.48	(31.1)
Return on Equity (%)	11.87	18.29	(35.1)
Return on Capital Employed (%)	16.77	37.69	(55.5)
Gearing (%)	67.98	64.48	5.4
Equity to Total Assets Ratio (%)	18.73	21.35	(12.3)



ESG PERFORMANCE

Environmental Performance	Section	2024
Resources		
Energy Consumption (Gj)	2.1	151,419
Renewable Energy Consumption (Gj)	2.1	134,965
Non-Renewable Energy Consumption (Gj)	2.1	16,454
Renewable Energy Generation (Gj)	2.2	3,998
Water Consumption for Operation (m3)	2.3	22,555
Emission		
Scope 1 (Direct) (tCO2e)	2.4	3,380
Scope 2 (Indirect) (tCO2e)	2.4	1,130
Scope 3 (Indirect) (tCO2e)	2.4	579
Investment in environment and biodiversity conservation		
Investments in Environment and Restoration Projects (Mn)	3.8	24.9
Social Performance		
Employees		
Total Employees	3.1	3,455
Employee Turnover (%)	3.1	14
Female employees as a percentage of total employees (%)	3.1	54
Employee Trust Index (%)	3.2	99%
Average training hours per employee	3.3	7.15
Training Investment (Rs. Mn)	3.4	1.8
Gender in leadership positions (ratio men: women)	3.5	7:3
Total number of injuries	3.6	7
Total employee benefits distributed (Rs. Mn)	3.7	1491
Community		
Investment in Health and Nutrition (Rs. Mn)	3.8	21.7
Investment in capacity building (Rs. Mn)	3.8	4.8
Investment in community empowerment (Rs. Mn)	3.8	3.9
Donations and other Welfare Activities (Rs. Mn)	3.8	23.6
Value Chain		
Customer Satisfaction Index (%)	3.9	87%
Customer rejections and complaints	3.9	2
Governance Performance		
Board Composition		
Board position (ratio independent: Non independent)	4.1	6:3
Values		
Number of whistle-blower cases reported and solved	4.2	0
Management Systems		
Number of total audits conducted on management systems	4.3	15
Number of non-compliances reported in management systems	4.3	0
ESG Steering Committee meetings	4.4	1



Note – Basis of Preparation (Section 1) and Measurement basis (Section 2 to 4) are described in Page 325 to 327.

ESG PERFORMANCE

HUMAN CAPITAL

04 Employee Recognition Programs

3,455 Employees

60 No. of Training Programs



24,711 Training Hours



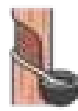
Employees by Gender
Male - 1,576
Female - 1,879

MANUFACTURED CAPITAL

PRODUCTION VOLUME



Tea **2.2 Mn Kgs**



Rubber **0.5 Mn Kgs**



Oil Palm **2.8 Mn Kgs**

NUMBER OF ESTATES

08 Up Country

06 Low Country

6,519 Ha Total Extent

DISTRIBUTION OF EXTENT

Tea **1,949Ha**

Rubber **995 Ha**

Oil Palm **250Ha**

Coconut **420Ha**

Diversified Crops **275 Ha**

SOCIAL & RELATIONSHIP CAPITAL



02 Leopard Awareness Programme



04 Nutrition Programmes



5 Child Protection Programs

INTELLECTUAL CAPITAL

09 Research & Development Projects

13 Certifications

02 MoUs Signed

PROCESS DIGITALIZATION



NVQ Level 3 Qualification
21 Tappers



Internet of Things (IoT)
2 Factory



Cloud Technology
3 Factory

NATURAL CAPITAL



22.5 Mn Litres Effluent Discharge



18 Units (Capacity 75kW) Off Grid Solar



8,181 Native Plants Planted

6.3 Mn Letters Rain Water Harvested

1,110 Mwh Renewable Energy Generation

5,089 tCo2e Tonnes of CO2e GHG Emission from Operation

RE-GROWING

[Read More](#)

OUR NATURAL HERITAGE



104 Medical Camps



15 New Housing Units



29,000+ Resident Population



65 Water and sanitation infrastructure units

SHE-ESSENTIA

[Read More](#)

FROM STIGMA TO EMPOWERMENT



SHE-ESSENTIA

FROM STIGMA TO EMPOWERMENT

This unique community project demonstrates how we 'walk the talk,' at Horana Plantations to empower women.

As a responsible plantation company, we focus on addressing Period Poverty in order to ensure their wellbeing. A survey conducted by HPL in collaboration with the Women's Development Centre (WDC) and the Alcohol and Drug Information Centre (ADIC), in HPL estates, found that school attendance and attendance at field work, declined during the menstrual period, as women and girls could not continue with life as usual.

We decided this was simply not acceptable and we looked for solutions. Due to the high cost, disposable sanitary napkins are not a viable option, and these are also environmentally unsustainable due to their non-biodegradable nature. A year's worth of disposable menstrual products can leave a carbon footprint of 5.3–8.9 kilograms of CO2 equivalents, as well as the fact that many pads are made of polyethylene plastic, which is a pollutant, and that they often contain chemicals like chlorin, dioxin, and rayon. Most are made of plastic and synthetic materials, leading to increased landfill waste. In terms of most fossil fuel intensity, pads are astonishingly 90% plastic. The annual use

of disposable sanitary products leaves a carbon footprint of 5.3 kg CO2 equivalents per person. Their production process also involves resource-intensive methods, contributing to a larger ecological footprint. Additionally, improper disposal can result in environmental pollution. Switching to reusable or biodegradable alternatives is one way to mitigate these environmental concerns. Having examined all the alternatives, we designed the optimum solution.

We decided to establish a reusable sanitary napkin manufacturing facility to supply these essentials free of charge, for all women in our estates not only for social wellbeing but also economic and environmental sustainability.

We are also establishing a computer library to provide resources on health and hygiene for women. To self sustain the project, it was decided to manufacture other products that can be sold at a small profit within the estates. Alton estate in the Nuwara-Eliya District was selected to pilot the project, as it has the largest women resident population of about 2,078, out of which, 1,386 are in the age group of 10 -50 years. The project commenced with a Rs 1 Mn grant from the Centre for Child Rights and Business. To obtain community buy-in, we conducted educational programs for estate communities regarding women's Menstrual health and hygiene, including 4 awareness sessions in the Upcot region, 4 sessions in the Lindula region and another 4 sessions in low country estates for 12 sessions in total, with the assistance of



Among Sri Lanka's estate community, where women have traditionally held a lower social status, the feminine cycle is seen as unclean and inauspicious, and women's needs are seen as secondary to those of the family. This attitude worsened following the 2022 economic crisis, as the rising cost of living reinforced the perception that even basic women's sanitary products are an unnecessary expenditure. This is having ripple effects, on the education of adolescent girls, working women and even entire families. Out of HPL's total workforce, 54% are women who are family breadwinners.





AS A RESPONSIBLE PLANTATION COMPANY, WE FOCUS ON ADDRESSING PERIOD POVERTY IN ORDER TO ENSURE THEIR WELLBEING.



like wishes parties. Training was also provided by the WDC for a few women on sanitary napkin production and also on manufacturing slippers, candles, uniforms etc. A building was constructed for the production facilities, by utilizing Fairtrade funds. Having observed the action, some of our buyers also joined the project. Martin Bauer donated 2 normal sewing machines to sew the napkins, and Ahmad Teas

donated Rs 1.3 Mn to produce re-usable sanitary napkins for Gouravilla estate. Production started in November 2023, at Alton estate, with 6 women employed full time on a monthly salary. The production of slippers started in January 2024. As at the publication of this report, we have manufactured and distributed 203 dignity packs to women and adolescent girls in Alton estate. Under the slipper production,

we have produced 236 pairs of footwear. Already, the project is gaining attention among our international buyers and we intended to spread this initiative not only at Alton estate but across Horana Plantations.



RE-GROWING OUR NATURAL HERITAGE



ECOSYSTEM RESTORATION AND BIO-DIVERSITY ENRICHMENT OF **155 HECTARES**

REGROW

– Kelani River Basin

During the current financial year, HPL's Regrow project partnered the Wildlife and Nature Protection Society (WNPS) on one of the largest, private-sector-led, afforestation initiatives in Sri Lanka. We are re-growing 55 hectares of severely depleted forest cover along the banks of the Maskeliya-Oya, which is one of the major water sources of the Kelani River basin. Rapid urbanization and industrialization have polluted and degraded the Kelani river waters. This project aims to protect and restore its health, recognizing its significance for both people and nature.

Given the rate of deforestation and loss of habitat the project success will not only



sustain Sri Lanka's unique flora and fauna into the future, but will also strengthen the country capacity to withstand rapid climate change shocks. This massive project requires that we plant over 330,000 trees to achieve a survival target of 200,000

trees along the Maskeliya-Oya river banks that cut across our estates in the Upcot Vally. These riverine lands are also in close proximity to the Peak Wilderness Sanctuary that is rich in biodiversity including many endemic animals, birds, amphibians, fish and plants. By reconnecting fragmented habitats, the corridor plays a pivotal role in revitalizing leopard populations, allowing them to thrive in their native environment. Once established, the forest corridor will be a lifeline for leopards, enabling them to roam freely across their natural range. To ensure the creation of sustainable ecosystems in the regenerated forest cover, Work commenced with a celebration of International Mountain Day 2023. we have planned our project over a period of 17 years, from 2023 to 2040.

As it matures, Regrow will trigger multiple social, environmental and economic benefits for the entire country.





enhance this natural habitat, promoting biodiversity and ecological balance in the region. Work commenced with a celebration of Environmental Day 2023, and by 2040, our strategies to remove and



control encroachment by invasive species will enable new generations of trees and animals to form a diverse and dynamic habitat. The goal of stocking 3000 t CO₂ e using these regenerated forest patches underscores our proactive approach to addressing climate change. Through effective forest management practices, including reforestation and conservation efforts, we have demonstrated our dedication to reducing our carbon footprint and fostering a greener future.

REGROW

– Kalu Ganga River Basin

In June 2023, we targeted another major river bank - the Kalu Ganga River Basin - to regrow. The second largest river basin in Sri Lanka, the Kalu Ganga River Basin receives some of the highest rainfall in the country, averaging to 4,000mm per year, and is a vital part of the country's overall

water resources. However, the river basin is threatened by rapid degradation of its natural forest cover, which is contributing to floods and landslides. The endemic eco-system is also threatened by invasive species. We have allocated 100 hectares of tea land within the Halwathura estate for the regeneration of this natural ecosystem. By setting aside this land for regeneration, we aim to restore and



WE ARE PLEASED TO REPORT THAT REGROW HAS ALREADY RECEIVED **ASIA'S FIRST ECOSYSTEM RESTORATION VERIFICATION**, CONFIRMING THAT OUR RESTORATION ACTIVITIES ALIGN WITH GLOBAL BEST PRACTICES AND DEMONSTRATE MEASURABLE RESULTS.

AWARDS AND ACCOLADES



10



11



1



6



LMD's 'Most Awarded' Special Edition: Proudly Ranked No. 17 Overall and No. 3 in the Plantations Sector

1. February, 2024

Great Place to Work certified

2. April, 2023

08th Asia Pacific Tea Competition 2023, Beijing, China - Special Gold Awards - (Eildonhall: BOP, Tillicoultry: Handmade green tea) , Gold Award - (Gouravilla: BOP sp), Silver Awards - (Alton: BOP sp, Bambarakelly: BOP 1, Fairlawn: Pekoe, Stockholm: BOP sp)

3. June, 2023

National Business Excellence Awards 2023- Merit Award - Agriculture & Plantations Sector

4. July, 2023

Commonwealth Business Excellence Awards - Pan Pacific Singapore : Outstanding Excellence in Corporate in Social Responsibility & Environmental Sustainability Award, Outstanding Excellence in Strategy & Leadership Award in Plantation Sector Award, Outstanding Excellence Local & Global Market Reach Award.

5. September, 2023

Total Excellence in Tea Production 2023 - Tea Exporters Association of Sri Lanka - Runners Up - Alton Estate

6. September, 2023

6th in the Large size work places category of the Best Work Places in Sri Lanka 2023 & 48th in Asia's Best Large Work Places in 2023

7. October, 2023

CMA Excellence in Integrated Reporting Awards – 2023 organized by Institute of Certified Management Accountants of Sri Lanka. HPL won an award for the "Next Ten Best Integrated Reports"

8. October, 2023

HPL recognized as "Mother and Child Friendly Seal for Responsible Business" offered by The Center for Child Rights in Business

9. October, 2023

Merit Award for Halwathura Estate for the Best Estate Worker Housing Co-operative Society - 2023 in Commemoration of 30th Anniversary at Galle region

10. December, 2023

TAGS AWARD 2023 organized by CA Sri Lanka , Plantation Sector - Silver Award

11. December, 2023

SAFA , Agriculture & Plantation Sector, GOLD Award

12. February, 2024

ACCA Sri Lanka Sustainability Reporting Awards – 2023, HPL Joint runner up- Retail & Trading Category



CHAIRMAN'S MESSAGE



HPL's strategic imperatives of Diversification, Community Empowerment, Circular Economy, and Automation and Digitalization aim to maximize stakeholder value.

GRI 2-22

It is with pleasure that I present to you the Integrated Annual Report and Financial Statements of Horana Plantations PLC (HPL) for the financial year of 2023/2024.

THE YEAR IN REVIEW

Effects of the country's worst post-independence economic and political crisis lingered in 2023, with the country's GDP contracting by 2.3% during the year. However, the economic adjustment programme, characterised by decisive policy interventions and structural reforms have positioned Sri Lanka on a road to recovery, as evidenced by the growth in GDP in the last quarter of 2023. Accordingly, inflation measured by Colombo Consumer's Price Index (CCPI) fell from a peak of 69.8 % in September 2022 to 4.0% in December 2023.

The year under review saw the prospects of all three major crops of Tea, Rubber and Oil Palm industries adversely affected by a combination of external and often uncontrollable elements. Sri Lankan Tea

production increased marginally over the past year by 1.7%, although the country's contribution to global Tea production continued to decline, falling from 3.93% in 2022 to 3.88% in 2023. Further, the average Tea auction price in 2023 fell to USD 3.59 per kg as against the previous year's USD 3.83 per kg. The appreciation of the local currency against the US dollar and geopolitical tensions, especially in major Ceylon Tea buying regions resulted in lower demand. We continued to see the escalating implications of climate change on our crops; for instance, erratic weather patterns and the highest ever rainfall on record in the rubber growing regions aggravated the pestalotiopsis disease that resulted in further reductions in the Rubber output.

PERFORMANCE RECAP

HPL recorded growth in the production of tea and oil palm crops over the previous year. However, Revenue recorded a decline of 11% to Rs. 3,386 Mn driven primarily by the decline in tea prices compared to the

previous year. Though Oil Palm recorded a volume growth of 18%, Revenue declined by 10% owing to subdued prices. The rubber crop declined by 18% compared to the previous year, due to pestalotiopsis and a very high wet day count and heavy rainfall recorded. Rubber crop declined by 18% over last year, the only crop to show a contraction over last year, resulting in a loss of revenue.

Despite these numerous challenges, the Company remained profitable, delivering a resilient performance to generate a Profit After Tax of Rs. 105 Mn, a decline of 39% over the previous year. Your Company has paid a dividend of Rs 2.65 per Share on the positive performance as proposed by the Directors for the financial year 2023/2024.

INTEGRATING ESG

Your Company has made significant progress in adopting and aligning to the Hayleys Group's ESG Roadmap, the Hayleys Lifecode. In doing so, your Company has undertaken many strategic

CHAIRMAN'S MESSAGE

projects on emission reduction, biodiversity preservation, women empowerment and child welfare. The Company maintains its position as a member of the United Nations Global Compact (UNGC) and has committed to the 10 principles of responsible business.

Your Company's commitment to be carbon neutral by 2033 has been demonstrated by two Tea estates Alton and Gouravilla, being certified as Carbon Neutral. The work carried out thus far on Science Based Targets Initiative (SBTI) has been commendable and I am confident that the Company would obtain verification of its targets and drive strategic decarbonisation through continued investments in solar power generation and other forms of renewable energy use.

HPL partnered with the Wildlife and Nature Protection Society in the country's largest private sector supported Ecosystem Restoration, which entails creating fifty-five hectares of forest corridor along the banks of Maskeli-oya and a hundred hectares of forest cover in Kaluganga basin, in rehabilitating the riverine ecosystems. To ensure compliance with global best practices this project was audited by Preferred by Nature, an independent global auditing agency, making this project, the first such initiative to receive such a verification in Asia. The project accommodates commodity manufacturing requirements under the European Union Deforestation Regulations (EUDR) which will come into effect in 2025.

In women empowerment, HPL launched the unique SHE ESENTIA programme, with the objective of addressing period poverty among our estate communities. HPL remained resolute in its commitment in driving operational efficiencies and process improvements, which contributed

towards the Company's resilience during the year. We addressed the issues arising from the migration of workers through unique remuneration models which includes out grower or revenue sharing and semi mechanisation on plucking. I am confident that once implemented successfully, these interventions will improve the long-term scalability and sustainability of the plantations, while empowering livelihoods through access to potentially higher income. Meanwhile, parallel to our tea replanting, high density Tea planting initiatives have continued with Coconut and Cinnamon. As part of our agri business growth model, we have sought to increasingly diversify our crop base, and have ventured into Coffee planting in large extents in the high elevations of upcountry estates. HPL will diversify away from Rubber plantations with the planting of Oil Palm, once clearance obtained, and Agro forestry in maturing rubber estates in line with our Diversification strategy.

OUR PEOPLE

Your Company continued to invest in strengthening its employee value proposition, and has received multiple accolades for its people propositions. I am delighted that Horana Plantations was selected amongst the 6th in the large size work places category of the best work places in Sri Lanka 2023 and 48th in Asia's best large work places in 2023 by "Great Place to Work".

GOVERNANCE

As a member of the Hayleys Group, your Company has embraced the highest standards of integrity and transparency, by showcasing and promoting professional standards and ethical business practices that are propagated throughout the organisation. During the year, the Company effected the changes required

to comply with the immediate compliance requirements of the new Listing Rules on Corporate Governance. The Company also adopted the Hayleys Group's Bribery and Anti-Corruption Policy and Shareholder and Investor Communications Policy which were rolled out during the year. The Company is committed to consistently strengthening the 'G' in ESG by adopting both regulatory and voluntary standards which aid in embedding ethical business and responsible leadership.

Mr. Jayantha Perera, who functioned as an Independent Non-Executive Director retired on 31st December 2024. We express our gratitude for his invaluable contribution to the progress of our Board, and wish him the very best in his future endeavors. We warmly welcome Mr. Timothy Speldewinde and Mr. Malaka Talwatte who joined the Board as Independent Non-Executive Directors. I look forward to working with them and am certain that the experience and knowledge they bring will enhance the Company's decision-making.

ACCOLADES

We are inspired by the recognitions and accolades your Company has received nationally and internationally, ranging from financial reporting and environmental stewardship to sustainability initiatives. Three of our processing plants, Fairlawn, Gouravilla and Alton Estates were certified on Occupational health and safety as a first of its category in the tea plantations.

STRATEGIES AND OUTLOOK

HPL's strategic imperatives of Diversification, Community Empowerment, Circular Economy, and Automation and Digitalization aim to maximise stakeholder value while effectively addressing the challenges facing the country's plantation sector. Worker migration continues to

be a key challenge that requires urgent attention; we firmly believe that outgrower or revenue share models can play an instrumental role in addressing the issue of labour migration and supporting the longevity of the plantation industry.

As mentioned in my last year's report, we like to stress that wages to plantation industry should transform from the current archaic model to productivity linked remuneration model, thereby ensuring economic empowerment of workers as well as commercial sustainability of the RPCs. The importance of a fresh approach in wage setting cannot be over emphasised. As opposed to fixed wage hikes, the industry requires a productivity-linked model which would enable plantation workers to earn a comparatively higher income, while driving increased productivity and ensuring the global competitiveness of Ceylon Tea in the international market. Yet again, we also reiterate the vital importance of lifting the ban on Oil Palm. Importation of Palm Oil leads to the outflow of valuable foreign exchange which could be preserved if Sri Lankan plantation companies were allowed to cultivate oil palm. As mentioned in my last year's outlook, RPCs are still awaiting a decision from policy makers on the extension of the lease agreements. The delay will only hinder new investments thereby further impacting the long-term productivity of plantations.

For long term sustainability, the Company intends to diversify into less worker intensive crops in the low elevated region of Horana planting District. Coffee planting has been introduced in large extents in the high grown regions to ensure a sustainable crop diversification. We will continue to uphold the core principles of circular economy that has enabled our resilience over the years, while leading to cost

efficiencies and continuous innovation. Our passionate thrust on ESG will gather momentum in the coming years as we continue to build a resilient business which creates long-term stakeholder value and drives positive social and environmental outcomes.

APPRECIATION

I am grateful to my colleagues on the Board for their valuable council and guidance. It is our teams that have powered our strategy and ensured our resilience in a challenging year and I fully acknowledge the contributions by HPL's management team and all employees. As always, I appreciate the trust and confidence placed in us by our customers, suppliers, business partners and shareholders. We shall make all efforts to meet your expectations as we continue our journey.




Mohan Pandithage

Chairman - Executive Director

13th May 2024

MANAGING DIRECTOR'S REVIEW





The Human and Natural capitals are the plantations wealth, we believe that the synergies combined will lead to increased productivity and economic growth.

Dear Stakeholder,

The financial year 2023-24 was a year of consolidation for HPL, focused on operational improvements, strengthening climate resilience, and extending innovative, science-based solutions, to enhance the Company's ability to tap into diverse opportunities within a volatile environment. Accordingly, the Company demonstrated a healthy performance amidst numerous challenges, driven by strategic foresight and an emphasis on circularity and sustainability.

On the domestic front, the stabilisation of key economic indicators created a more favorable operating environment. The gradual reduction in inflation and interest rates supported businesses, although operating costs continued to remain elevated. The rupee appreciation on the other hand, was double edged for the plantation sector - while prices of imports declined, earning from Tea also declined parallelly. The plantation sector

also continued to witness escalating implications of climate change, while labour migration from the sector persisted during the year leading to acute labour shortages.

Geopolitical uncertainty, especially in large tea consuming nations led to subdued consumer demand together with disruptions to shipping routes, and an increase in freight rates stemming from the higher risk premiums.

KEY FINANCIAL HIGHLIGHTS

Tea prices, which spiked due to the sharp rupee depreciation of Sri Lankan Rupee (LKR) in 2022, normalised at a lower level in 2023/24, with stability in exchange rate and instability in the major Tea markets. As the largest contributor to HPL's Revenue, the decline in tea prices had an inevitable impact on financial performance. Total revenue declined by 11% to Rs. 3,386 Mn, from Rs. 3,794 Mn in the previous year and profitability also declined to Rs. 105 Mn from Rs. 170 Mn. However, there were

also many operational improvements that should be factored in, when evaluating HPL's financial performance for the 12 months under review.

While administrative and operational costs continued to remain elevated reflecting the high cost-of-living, HPL also benefited from cost savings from multiple areas. Significant finance cost savings were accrued by negotiating better terms for outstanding loans, along with reduction in the market interest rates and improvement in domestic banking system liquidity. Savings from renewable energy, as well as circular economy projects, and other sustainability initiatives also contributed towards improvement in the bottom line. Please refer the Financial Capital chapter for details on the financial status as at end March 2024.

Despite the cost increases, HPL continued to optimise the application of fertilizer while pursuing good crop management practices. This ensured that outputs of

MANAGING DIRECTOR'S REVIEW

most crops increased during the year, despite extreme weather patterns that prevailed throughout the year. The outlay on fertilizer and agrochemicals increased compared to the previous year, which allowed HPL to maintain quality standards and to command above average prices in most cases.

HPL also continued its capital expenditure investment plan, including replanting, climate change adaptation, expansion of renewable energy and technology investments, to safeguard the Company's production and revenue capabilities for the future. The total capital expenditure increased on Biological Assets 21% year-on-year, to Rs. 342 Mn which was mainly directed towards planting Coffee and repurposing Rubber lands towards more profitable and extreme-weather resilient crops. We are confident these good agricultural practices will generate returns in the long run in the form of sustained high yields and a more climate change resilient income statement. Please also refer the Manufactured Capital chapter and Intellectual Capital chapter for details on the Company's capital investments during the year.

Our company continued to maintain multiple certifications and accreditations throughout the year; three of our estates, Alton, Gouravilla and Fairlawn had the distinction of being awarded with ISO 45001 : 2018, the first occupational health and safety certification for its processing Centres in the plantation industry, production quality, food safety and scientific agricultural practices, as well as for ethical business practices. These certifications independently confirm the Company's international quality standards with regards to its products and practices. The benefits include better market access to all major export destinations and in

some cases, higher prices and a loyal customer base. The ethical certifications in particular, align the company with socially and environmentally friendly practices that differentiate HPL as an ethical manufacturer in highly competitive global markets. In 2023, HPL commenced work on EUDR certification for its estates on Rubber.

Therefore, HPL's financial performance should be evaluated in context of its overall, long-term business sustainability strategy, as well as its immediate financial statements.

REVIEW OF OPERATIONS

Tea Sector

Despite the adverse weather conditions, proactive harvest planning ensured that Tea outputs increased slightly by 1% to 2.19 Mn kg. However, Tea prices declined by Rs. 244/- per kg, on average, against the previous financial year. The increased shipping costs to the Middle East, Sri Lanka's largest ceylon tea buying region, also negatively affected the Tea industry. However, HPL's Net Sales Average (NSA), remained well above the national average on the basis of its strong reputation for quality, as attested by the host of certifications, quality, and ethical accreditations of HPL Tea.

As the primary crop of HPL estates, Tea accounted for 76% of total revenue during 2023-24. The cost of production continued to increase at 9% year-on-year. The gross profits from Tea recorded for 2023-24 was Rs. 461 Mn.

Rubber Sector

Given increasing implications of climate change impacts, subdued rubber prices and the cost structure increase, HPL is phasing out rubber cultivation, although

certifications such as Forest Stewardship Council obtained by HPL has enabled it to command above average pricing. Although existing cultivations are maintained, there was no new investment into Rubber replanting during the year. Instead, rubber lands are being repurposed to diversify HPL's crop portfolio towards more commercially viable crops. Crop diversification also offers an effective mechanism to drive climate resilience in our operations.

During 2023, rainfall in rubber growing regions peaked above 7,000mm compared to the normal range of 3,400mm to 3,800mm. The extreme wet weather caused the lowest tapping days in years, at only 62 days for the year, compared to the average of 180 days. The country's rubber plantations also continued to be troubled by the pestalotiopsis leaf disease, which took hold of Rubber estates in 2022.

Due to notable decline in rubber outputs by 18% against the previous financial year, to only 0.52 Mn kg from 0.63 Mn kg, HPL's total rubber revenue decreased by 28% to Rs.373 Mn. The share of gross profit of the rubber sector declined to Rs. 74 Mn during the year, from Rs. 103 Mn in the previous year.

Oil Palm

HPL has utilized 250 hectares of unused rubber land for oil palm cultivation, which continued to generate more stable income compared to rubber, due to better climate resilience and more consistent production patterns. However, the prices of oil palm decreased over last year resulting in a decline in revenue. While the prevailing ban on oil palm cultivation continued, discussions with the relevant authorities of the plantation ministry on oil palm are ongoing and we are hopeful of a positive response.

The total revenue from oil palm decreased by 10% to Rs. 233 Mn mainly due to the decrease in NSA by 23% to Rs. 82/- per kg from Rs. 107/- per kg. The total yield marginally increased by 3% to 2.84 Mn kg. The gross profit from the oil palm sector decreased from Rs 154 Mn to Rs. 115 Mn in the current financial year.

Diversified Crops

HPL's diversified crop extent was expanded from 103 hectares during the year, with coconut extent in the Low Country expanding to 422 hectares, from 385 hectares one year ago, and other crop extent also being increased. The land for the expansion of coconut and other cash crops came from rubber lands that were already demarcated and approved for coconut cultivation by the national authorities. HPL with its deep commitment to biodiversity conservation, has not converted natural eco systems by encroached on, or by deforesting reserves, or other forest lands, for its crop diversification.

HPL's diversified crops portfolio currently comprises coconut, cinnamon, coffee and ancillary crops, which achieved a combined revenue of Rs. 24 Mn. The majority of the diversified crops are yet in immature state. We intend to increase the diversified crop segment once approval is granted for cultivation of Oil Palm.

SUSTAINABLE BUSINESS PRACTICES

Building resilience to climate change implications remains a key priority for the Company, given the plantation sector's vulnerability to physical risks associated with climate change. These measures include adopting modern scientific approaches that are being tested including very technology and bio char while the Company crop diversification efforts

are also expected to strengthen climate resilience. In 2023, the Company also tested drone spraying in one of its Tea estates, and is also experimenting with robotic Rubber tapping in its Rubber estates.

HPL's solar project that was registered with the Sri Lanka Climate Fund, commenced obtaining climate credits in 2023, which will accrue towards offsetting HPL's carbon footprint. In addition, two mini hydro power plants were also commissioned during the year. This has increased the renewable energy contribution to 331.6 Mwh, which accounted for 13% of total electricity consumption during the year.

As a fundamental aspect of its sustainability strategy, HPL maintained its training and development investments for all employees, with emphasis on technical and quality related training. In this regard, I am proud to report that 40 Rubber tappers from HPL Rubber estates obtained NVQ 3 certification following an assessment of their skills by the Rubber Research Institute. Further HPL has retained its Great Place to Work title.

The Human and Natural capitals are the plantations wealth, we believe that the synergies combined will lead to increased productivity and economic growth, our emphasis in investing and empowering our people and prioritizing to protect and enrich our biodiversity would be a comprehensive Social and Environmental measure to succeed during challenging eras.

In 2022, HPL received the Mother and Child Friendly seal for its work to make estates safer for women and children. In 2023, HPL introduced another initiative we are extremely proud of - the She Essentia project. The project, which is

entirely a social welfare initiative, where the Company gains absolutely no financial benefits, was originally designed to support health and hygiene of women and girls in HPL estates. The project was initiated with a grant of Rs 1 Mn, from the Centre for Child Rights and Business, to manufacture reusable sanitary napkins at HPL's Alton estate, as the current cost of living made disposable sanitary napkins unaffordable for a majority of females in the estates. The project's success is now attracting attention and support from both local as well as international parties, and the project itself, is expanding into a women's livelihood program with other income generating activities also coming into the picture. We will continue to extend our fullest support to expand this project in a financially sustainable manner, for the benefit of our female workers and their families. Please refer the Social Capital chapter for details.

HPL being an initial signatory to the Pekoe Trail, the largest sustainable tourism project, has two of its estates, namely Stockholm and Mahanilu amidst a 300 Km curated, twenty two stage long distance walking trail through the central highlands of Sri Lanka. A one-of-its kind trails, the Pekoe Trails feature the diverse ecosystems from grass lands to tropical forest where leopards roam, to rich heritage and intriguing history of Ceylon plantations.

OUTLOOK

The outlook for the new financial year has improved with the gradual recovery of the domestic economy. However, we anticipate continued uncertainty due to the unpredictable geopolitical conditions, ongoing structural changes in the domestic economy and proposed wage revisions. We firmly believe that the industry should pursue a revenue sharing productivity-

MANAGING DIRECTOR'S REVIEW

based incentive methodology as practiced across all smallholders. Such a mechanism would sustain the growth of the industry on a longer-term perspective and greater financial rewards could be shared ensuring increased dignity of labour in the estates with an enduring new business model. A key component of this growth will stem from the continued diversification of HPL's crop basket, coupled with innovative technology solutions and mechanization of HPL estates.

APPRECIATIONS

As the Company's success is driven by its internal stakeholders, I extend my appreciation to the Chairman and the other Directors of the HPL Board, as well as HPL's management teams and employees for their passion, hard work and dedication. I also thank the Board of Hayleys PLC, for their continued counsel during the year. The regulatory and supervisory bodies have been extremely supportive of our activities and for that I am grateful. I also thank our shareholders, suppliers and other stakeholders, for their continued support and I look forward to their cooperation in the new financial year as well.

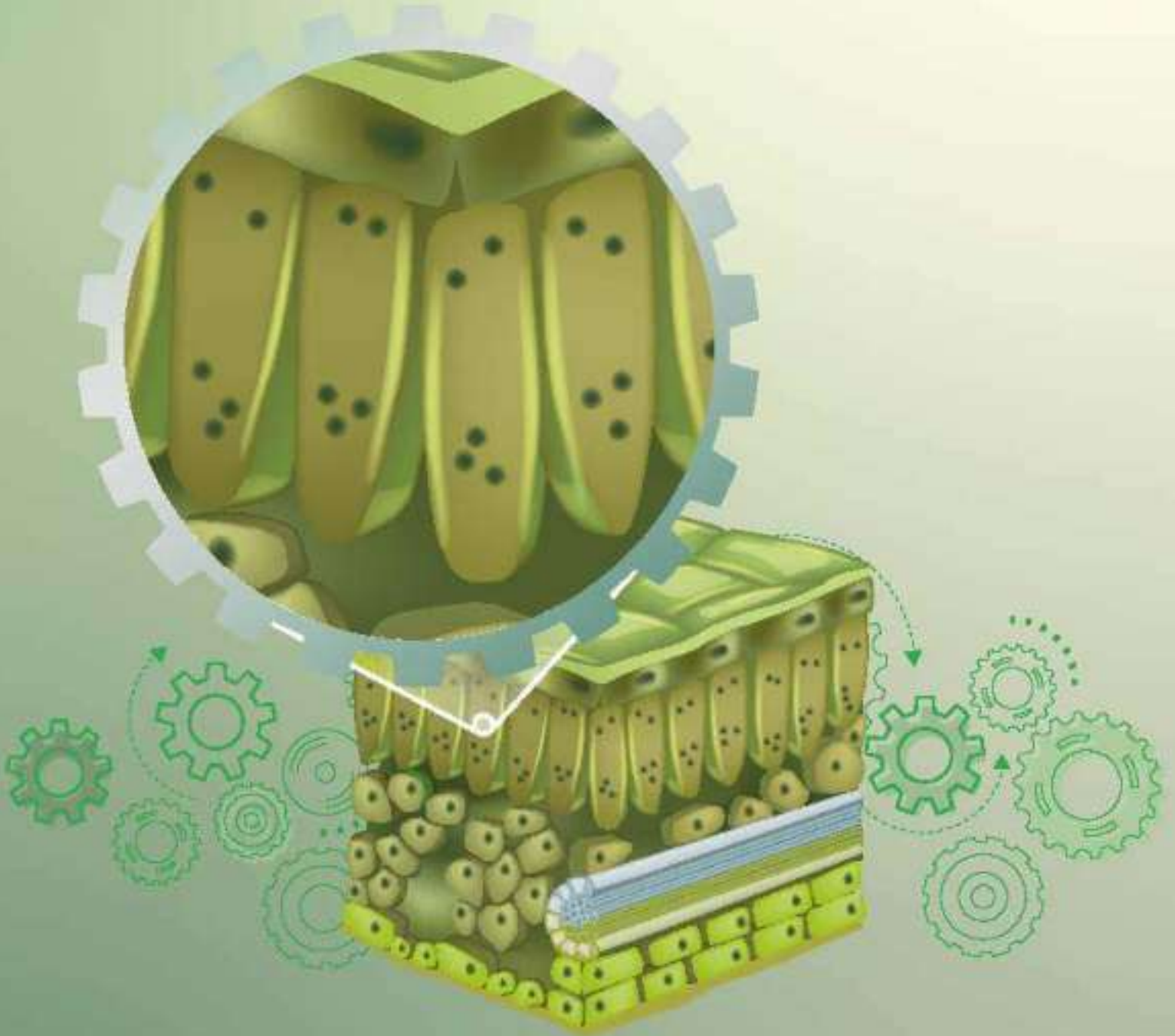


Dr. Roshan Rajadurai
Managing Director

13th May 2024

FOCUSED MACHINATIONS

We pivot the focus of our scrutiny on the strategic mechanisms that we have utilized to drive growth and diversification, and to evolve in alignment with shifting global market dynamics.



STRATEGY REPORT

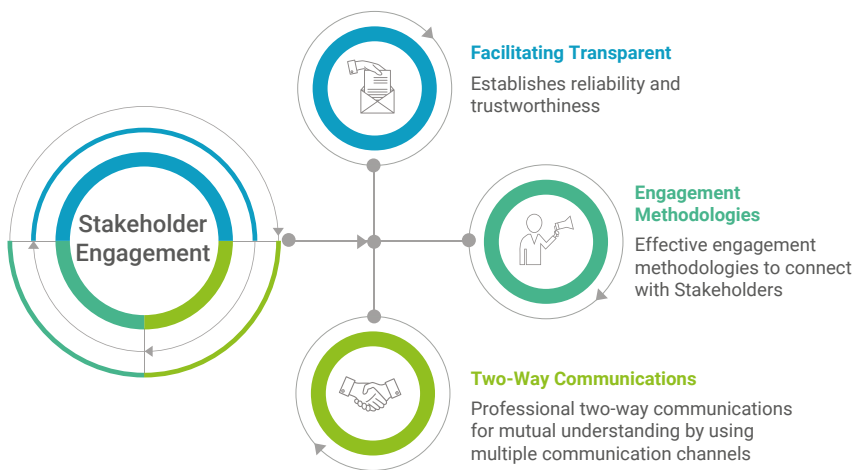
50 Stakeholder Engagement | 54 Determining Material Topics
57 Strategy, Policies and Practices | 68 ESG Integration
72 Managing Risk

STAKEHOLDER ENGAGEMENT

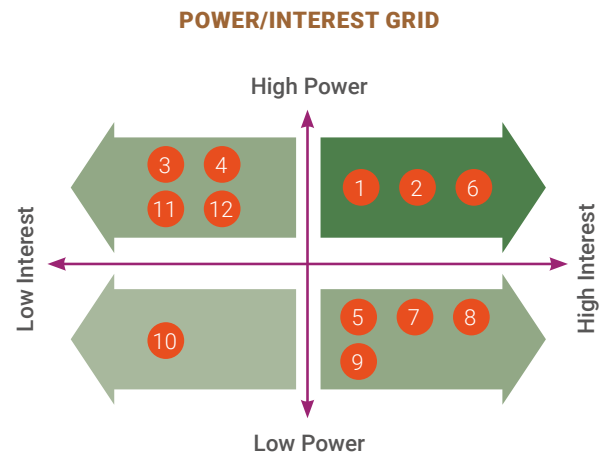
GRI 2-29: Approach to Stakeholder Engagement






Our key Stakeholder groups were identified and prioritized by the HPL Management based on their influence of the Company's operations and strategic objectives.

There were no changes to HPL's mechanisms of engagement with key stakeholder groups during the year. Authorized personnel, including External Communications Officials, Marketing Personnel and Company Secretaries have been designated to manage communications with external stakeholders to ensure professionalism, accuracy and compliance with regards to shared information and disclosures. Efficient multichannel internal communications and engagement systems are available to facilitate communications within the Company itself.










Stakeholder Engagement is fundamental for achieving organisational success, fostering positive relationships, and ensuring sustainable growth. It integrates diverse viewpoints, secures commitment, manages risks, and builds a foundation of trust and transparency, all of which are essential for organization's long-term success.



GRI 2-29 (i)	GRI 2-29 (ii)	GRI 2-29 (iii)
Stakeholder Category	Purpose of stakeholder engagement	How we ensure meaningful engagement
<p>1</p>  <p>Parent Company Hayleys Plantation Services (Private) Limited (owns 51% of HPL)</p>	<ul style="list-style-type: none"> • For Financial Support. • For Strategic Direction and Market Expertise. • For Governance and Risk related support. 	<p>Regular Management Meetings were held with the Hayleys Group's Management Committee, the Hayleys Group Plantation Sector, Group HR and Group Finance, in addition to verbal and written exchanges.</p>
<p>2</p>  <p>Shareholders Number of Individual Shareholders – 10,568 Number of Institutional Shareholders – 124</p>	<ul style="list-style-type: none"> • For Financial Capital. • To communicate the Company's status. • To build confidence in the Company. • To gain support for Company plans and maintain Market Credibility. 	<p>During the current Financial Year, we complied with all regulatory shareholder engagements. These included the :-</p> <ul style="list-style-type: none"> • The Annual Report • Quarterly Financial Statements • Disclosures to the Colombo Stock Exchange • Annual General Meeting • Timely Dividend Payments • We also accommodated shareholder inquiries through our Company Secretaries
<p>3</p>  <p>Regulators</p>	<ul style="list-style-type: none"> • To ensure regulatory compliance to avoid fines, penalties and loss of business licences. • To maintain the trust of regulatory officials. • To maintain company reputation and credibility. 	<p>We ensured timely regulatory reporting and statutory payments.</p>
<p>4</p>  <p>Banks</p>	<ul style="list-style-type: none"> • To maintain high credibility for regular short-term overdraft and long term financing. 	<p>We responded to the interest rate changes by renegotiating our debt payments and continued regular communications with banking contacts.</p>
<p>5</p>  <p>Buyers and Brokers</p>	<ul style="list-style-type: none"> • To promote the Company's Produce and to increase sales. 	<p>Brokers do the marketing for HPL and Buyers to promote our produce across the world. Therefore, we maintain close relationships with these B2B Customers by arranging factory/estate visits, informing them of our accreditations and consulting them for advice on products for specific markets.</p> <p>We engage one-on-one with our Direct Customers to understand and cater to their specific requirements. We customise our products for them by arranging physical meetings and through continuous communications from order-placement-point to delivery.</p>

STAKEHOLDER ENGAGEMENT

GRI 2-29 (i)	GRI 2-29 (ii)	GRI 2-29 (iii)
Stakeholder Category	Purpose of stakeholder engagement	How we ensure meaningful engagement
<p>6 Employees Number of Employees - 3,455</p> 	<ul style="list-style-type: none"> To motivate and retain Employees. For change management in support of the Company's Strategic Plans. 	<p>Addressing the continued skill outmigration was a priority during the year. Therefore, in addition to established employee engagement mechanisms, we focused on engaging with our estate workers to understand their needs.</p> <p>Please refer the Huma Capital chapter for details.</p>
<p>7 Trade Unions</p> 	<ul style="list-style-type: none"> As the Plantation Sector is highly labour intensive and Plantation labour is fully unionised, the purpose of engagement is to ensure industrial harmony for uninterrupted operations, which is crucial for profitability. 	<p>We allow Union meetings within the premises and the management also conducts regular meetings with the Unions.</p>
<p>8 Resident Communities HPLs estates are home to a resident estate population of over 29,000</p> 	<ul style="list-style-type: none"> The traditional source of plantation labour is the resident estate community. Therefore, the primary purpose of engagement is to attract and retain workers. In addition, HPL engages with estate communities for Corporate Social Responsibility purposes. 	<ul style="list-style-type: none"> Dedicated Community Liaison Officers have been appointed at all 14 HPL estates. Estate Worker Housing Societies have been established to identify infrastructure needs. Child Protection Focal Points (CPFP) have been appointed at all estates specifically under the Child Protection Policy. Child Development Officers are also available for Child Education Activities.
<p>9 Suppliers</p>  <ul style="list-style-type: none"> Bought Leaf Suppliers Agrochemical and Fertilizer Suppliers Fuel and Electricity Suppliers Firewood Suppliers Packing Material Suppliers Machinery and Spare Parts suppliers Hardware Items Suppliers Transporters Contractors 	<ul style="list-style-type: none"> To ensure uninterrupted Supplies of inputs to facilitate manufacturing. To align Supply Chain with our Sustainability Policies and Product Quality Standards. 	<p>We ensure meaningful engagement with Suppliers through a Supplier on-boarding programme, providing Technical advice and also Training.</p>
<p>10 Certification/ Accreditation Bodies</p> 	<ul style="list-style-type: none"> To enhance Market /Customer confidence in our products and to capture new markets. 	<ul style="list-style-type: none"> HPL is subjected to annual audits by accrediting agencies to confirm our compliance with accreditation standards. We also participate in knowledge sharing sessions and meetings.

GRI 2-29 (i)	GRI 2-29 (ii)	GRI 2-29 (iii)
Stakeholder Category	Purpose of stakeholder engagement	How we ensure meaningful engagement
 <p>11 Government and Non-Government Organisations engaged in Social Welfare and Environment related Activities</p>	<ul style="list-style-type: none"> For grants and technical expertise in Community Welfare Projects and Community Infrastructure Projects. 	<ul style="list-style-type: none"> During the year, we conducted many activities in relation to implementing the She-Essential project with our NGO partners including surveys, community educational events and training. We also worked with the WNPS on the Maskeliya Oya reforestation project. This is in addition to ongoing programs. <p>Please refer the Social Capital and Natural Capital chapters for details on our projects and partnerships.</p>
 <p>12 Industry Associations</p>	<ul style="list-style-type: none"> The purpose of stakeholder engagement is to gain first hand industry related information, including Government Policy, Regulatory and Market Information, through Industry Players and Government Officials. A secondary objective is to lobby Government support collectively as an industry. Facilitate Research and Development support for the industry. 	<ul style="list-style-type: none"> We ensure meaningful engagement by representing the Company at the highest level, during industry discussions. The CEO himself participates in key discussions. We also provide data to support industry lobbying and public relations. Support negotiations of the industry matters with Trade Unions.

DETERMINING MATERIAL TOPICS

GRI 3-1

Process to determine Material Topics

The list of material topics was identified following discussions with Senior Management and HPL's ESG Steering Committee that reviewed macro developments against HPL's Strategic Objectives. HPL also conducts regular Economic, Social and Environmental impact assessments which provide a comprehensive overview of our Social, Environmental, Economic and Human Rights impacts.

GRI 3-1(ii)

Prioritization of Impacts

Concerns of our key Stakeholders were taken into account in prioritizing the list of material topics.

- The list of topics was reviewed against both our financial and non-financial priorities, as well as the expectations of our key Stakeholders.
- The 18 topics were ranked high in order of score and selected for disclosure.
- These topics were matched against the list of GRI Agriculture Sector Standards and GRI Topic Standards.
- Relevant GRI Disclosures under each Topic Standard were selected to disclose how we managed the impacts of our activities during the year.

GRI 3-1(b)

Stakeholders and Experts whose views have informed the Process of determining Material Topics

The key Stakeholder groups we took into consideration were:

The key Stakeholder groups we took into consideration were:

Manufacturing Targets	Progress to date
Employees /Skilled Personnel	The Plantation Sector is a highly labor-intensive business but is now faced by rapid labor outmigration, which can reduce estate productivity. In addition, the estate labor force is highly unionized. Therefore, meeting employee expectations is now essential for business continuity.
Regulators	Regulatory compliance is non-negotiable for good governance and business continuity. Therefore, regulators are an indispensable stakeholder.
Shareholders	Maintaining shareholder confidence in the company and the management is essential to maintain our share prices and market credibility.
Customers (Buyers and Brokers)	HPL's reputation and financial growth depends on meeting our customer expectations.
Communities	The welfare of our estate communities is a requirement to supply labor for business continuity, and they are a key component of our ethical brand reputation

MATERIALITY MATRIX

SIGNIFICANCE FOR COMPANY	High significance	<ul style="list-style-type: none"> • Biodiversity • Waste • Customer Health and Safety • Training and Education • Employment • Community and Livelihood Development • Indirect Economic Impacts • Materials • Economic Performance • Regulations and Compliance 	<ul style="list-style-type: none"> • Energy Consumption • Emissions & Air Quality • Employee Wellbeing • Water and Effluents • Best Practices along Supply Chain 	
	Mid significance		<ul style="list-style-type: none"> • Climate Change Adaptation • Skill Migration • Labour/Management Relations 	
	Low significance			
		Low significance	Mid significance	High significance
SIGNIFICANCE FOR STAKEHOLDERS				

GRI 3-2 **List of Material Topics**

We linked our 18 prioritized material topics with the GRI Standards and the GRI Agriculture Sector Standards for greater clarity in reporting.

Material Topic	GRI Topic Standards	Link to UN SDG	Page No
1 Energy Consumption	GRI 302: Energy 2016	7, 8, 12, 13	169
2 Emissions & Air Quality	GRI :305 Emissions 2016	3, 7, 12, 13, 14, 15	174
3 Employee Wellbeing	GRI:403 Occupational health and safety 2018	3, 8	136
4 Water and Effluents	GRI: 303 Water and Effluents 2018	12	185
5 Best Practices along Supply Chain	GRI 204: Procurement Practices 2016	12, 14, 16	148
6 Biodiversity	GRI 304 Biodiversity 2016	6, 12, 14, 15	180
7 Waste	GRI 306 Waste 2020	12, 15	189
8 Customer Health and Safety	GRI 416: Customer health and safety 2016	2, 3	150
9 Training and Education	GRI 404: Training and Education 2016	4, 5, 8	141
10 Employment	GRI 401: Employment 2016	1, 2	126
11 Community and Livelihood Development	GRI 413 Local Communities 2016	5	153

DETERMINING MATERIAL TOPICS

Material Topic	GRI Topic Standards	Link to UN SDG	Page No
12 Indirect Economic Impacts	GRI 203: Indirect Economic Impacts 2016	8	104
13 Materials	GRI 301: Materials 2016	8, 12	195
14 Economic Performance	GRI 201: Economic Performance 2016	1, 2, 5, 8, 9, 10, 11	100
15 Regulations and Compliance	Not Applicable	-	-
16 Climate Change Adaptation	GRI 201 Economic Performance 2016	1, 2, 5, 8, 9, 10, 11	100
17 Skill Migration	GRI 401: Employment 2016	1, 8	130
18 Labor/Management Relations	Not Applicable	-	-

STRATEGIES, POLICIES & PRACTICES

Sustainable Development Strategy

Our Sustainability roadmap up to 2030 and Sustainable Development Strategies are aligned to our international commitments. Therefore, our growth strategy incorporates the principles and objectives of these international commitments towards Human Rights, Labour Right, Environmental Conservation, Anticorruption, Sustainable Technologies and Social Welfare.

GRI 2-23 Policy Commitments for Responsible Business Conduct

In addition to our good governance practices, HPL has a Comprehensive Policy Framework, reflecting our business philosophy and ethics, to guide our sustainability strategy and its deployment.

Our Commitment to Global Sustainability Initiatives

- United Nations Framework Convention on Climate Change (UNFCCC)
- United Nations Sustainability Development Goals (UNSDGs).
- United Nations Global Compact (UNGC)
- United Nations Climate Neutral Now
- United Nations CEO Water Mandate
- Science Based Targets Initiatives (SBTI)

Having formally adopted to the UNGC and UNSDG commitments, HPL reports on its progress annually, to the UNGC. We kindly request all interested parties to access these reports for further details of our progress with regards these commitments.



1. HPL's UNGC Annual Progress :
2. The GHG Inventory Report, verified by the Sri Lanka Climate Fund:
3. Ecosystem Restoration Verification Public Summary:



Membership in sustainability forums

- Biodiversity Sri Lanka (BSL)
- Wildlife and Nature Protection Society (WNPS)
- Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP)
- United Nations Global Compact (UNGC)

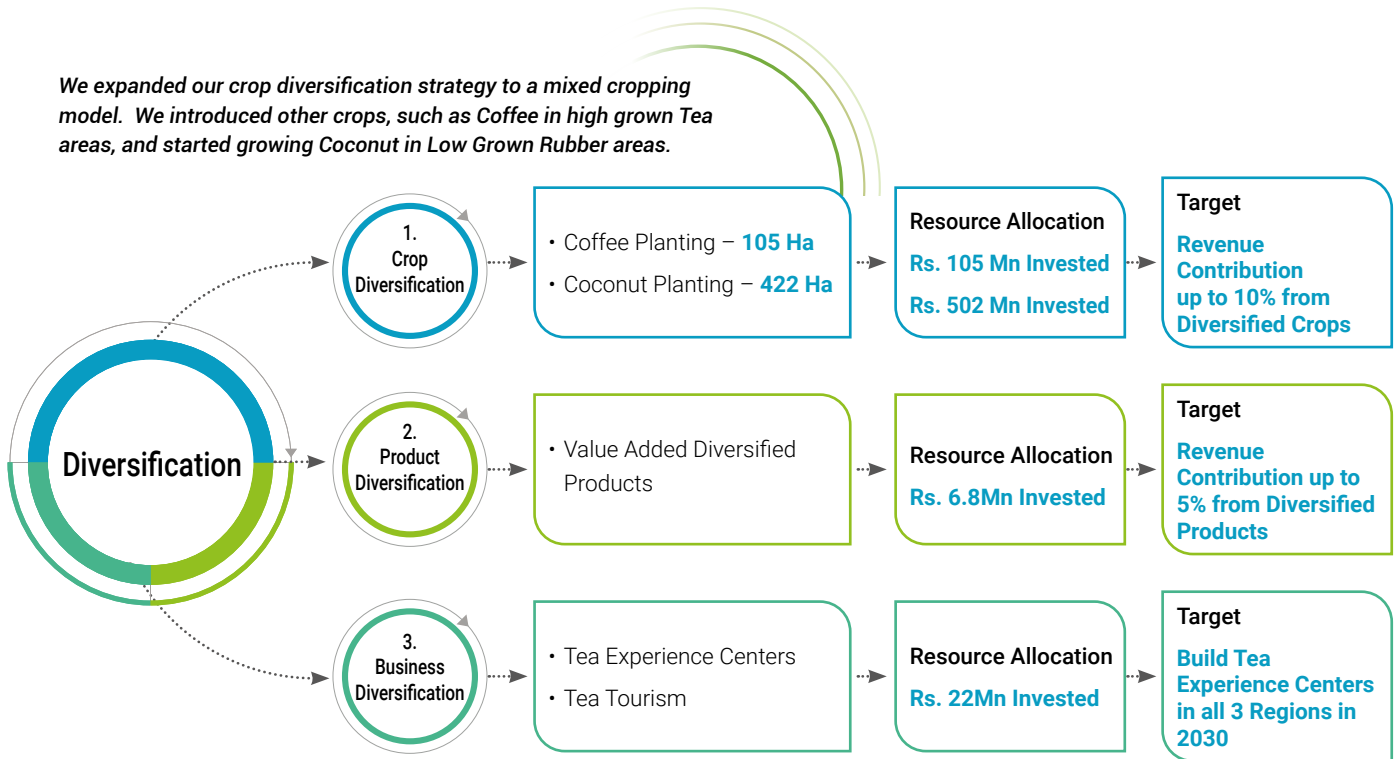


STRATEGIES, POLICIES & PRACTICES

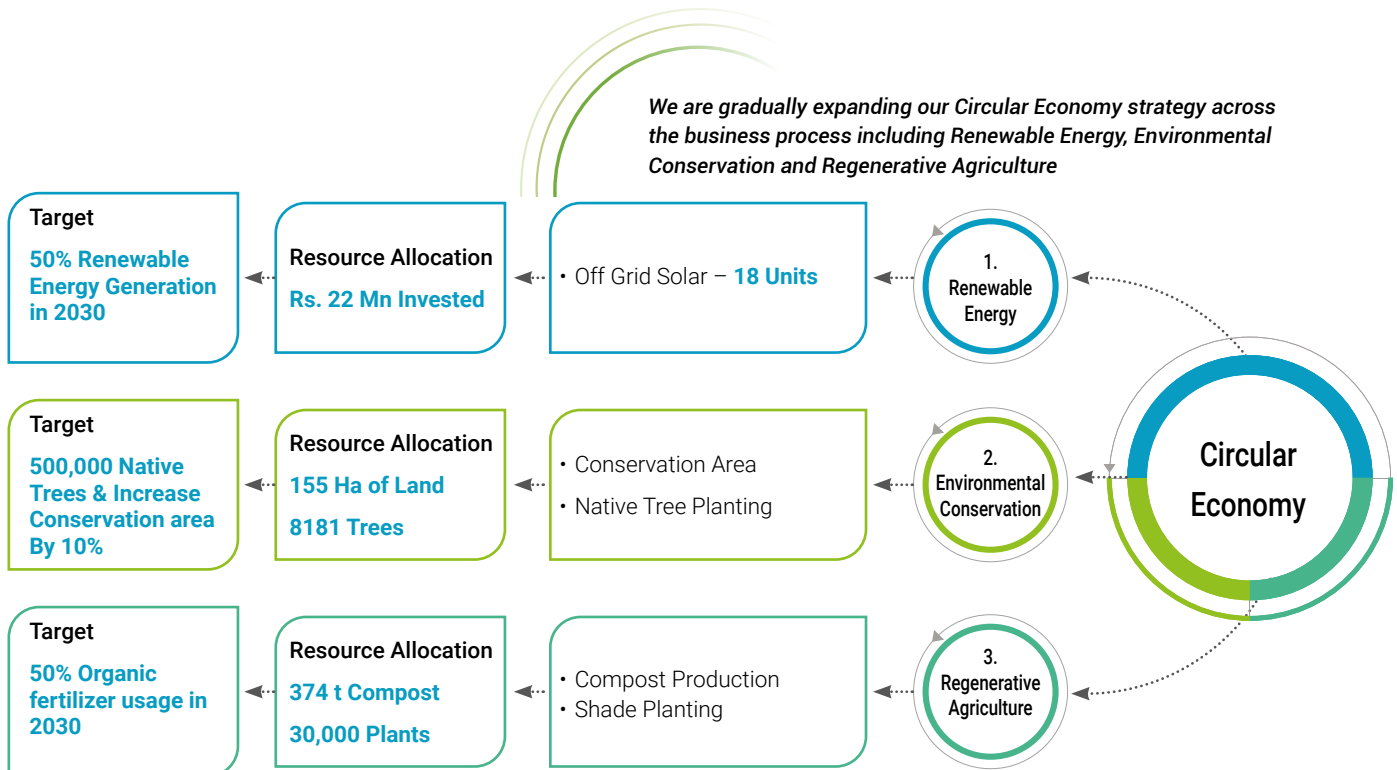
RESOURCE ALLOCATION & PROGRESS AGAINST TARGETS

HPL's Sustainable Growth Strategies are Diversification, Circular Economy, Community Empowerment and Automation & Digitalization,

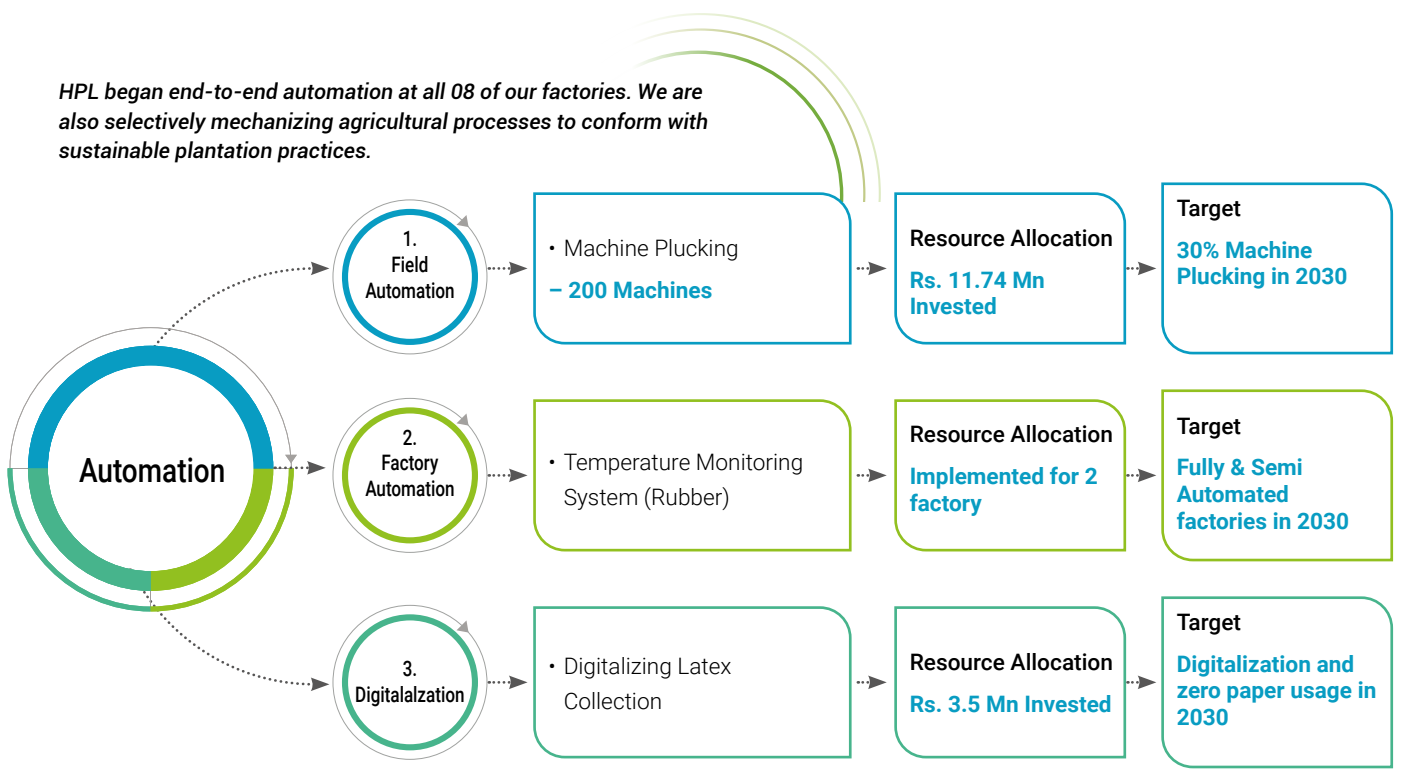
We expanded our crop diversification strategy to a mixed cropping model. We introduced other crops, such as Coffee in high grown Tea areas, and started growing Coconut in Low Grown Rubber areas.



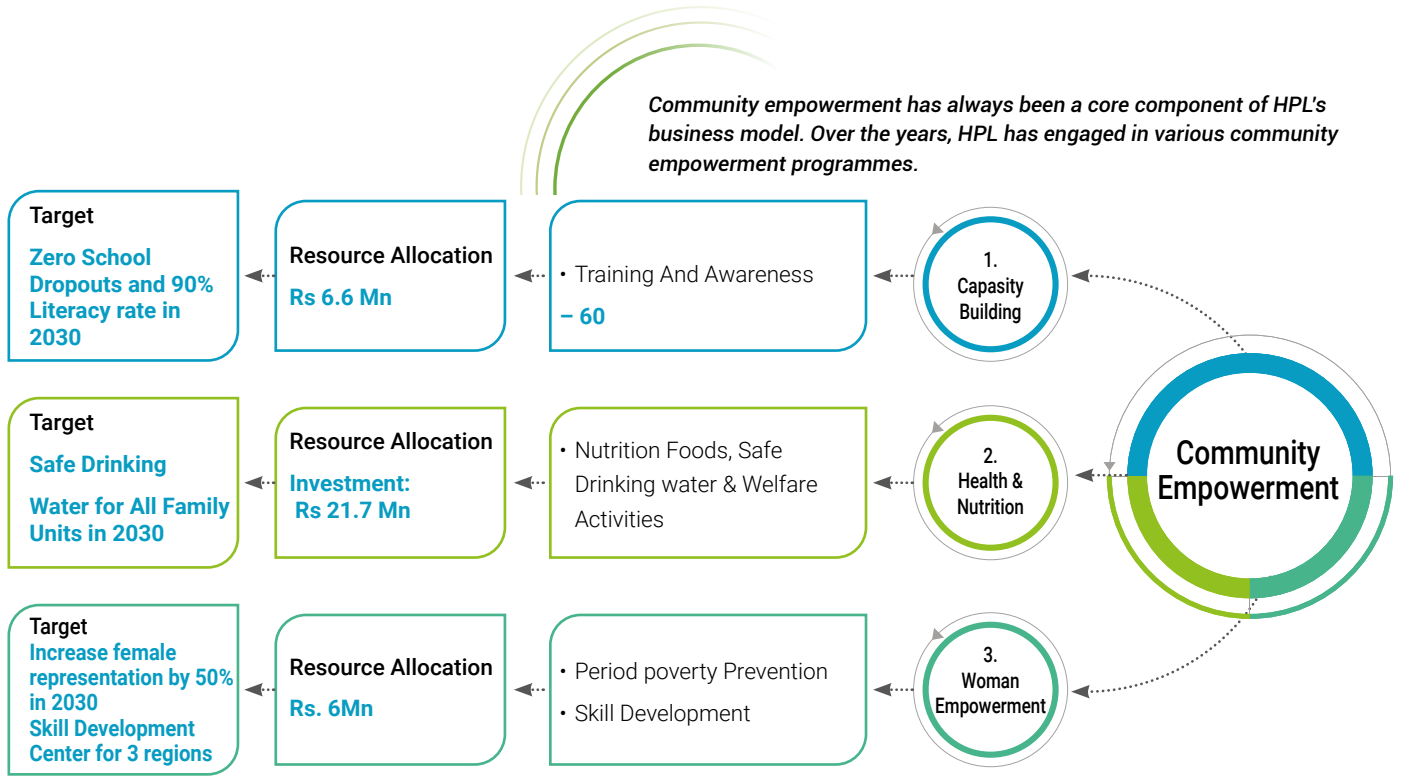
We are gradually expanding our Circular Economy strategy across the business process including Renewable Energy, Environmental Conservation and Regenerative Agriculture



HPL began end-to-end automation at all 08 of our factories. We are also selectively mechanizing agricultural processes to conform with sustainable plantation practices.











Community empowerment has always been a core component of HPL's business model. Over the years, HPL has engaged in various community empowerment programmes.







STRATEGIES, POLICIES & PRACTICES






INTEGRATION OF INTERGOVERNMENTAL COMMITMENTS INTO HPL'S POLICY FRAMEWORK

No	UNSDG	Progress /Initiatives under the Commitment
		<p>Our initiatives for poverty alleviation target our tea estate population of over 29,000. These include programs designed to generate additional incomes, beyond the traditional wages from tea plucking and estate labor. These include:</p> <ul style="list-style-type: none"> • Employments for estate worker family members • Support to start poly-house cultivation and home gardening • Sundry contracts are provided for sundry works in estates, in addition to regular estate labor. • Premiums from Fairtrade and Fair Rubber production are credited to a separate account for welfare • Produce reusable sanitary napkins to help prevent period poverty.
		<p>We address poor nutrition among estate communities.</p> <ul style="list-style-type: none"> • Nutrition programs on all estates for children • Midday meals for toddlers at 17 estate crèches • Free lunch packets for Workers during the cropping seasons • 24 Home gardening Projects For all estates • Distributing wheat flour to meet the calorie requirements of the estate employees
		<p>Estate community health initiatives include:</p> <ul style="list-style-type: none"> • Nutritious food • Health and safety at work – ISO 45001:2018 • Awareness creation regarding healthy lifestyles • Awareness of health and cleanliness • Separate housing units for workers • She-Essentia project
		<p>We provide training and education for all employees, including estate workers. Families of estate workers and their children are also provided educational support including scholarships, free school supplies and vocational training.</p> <ul style="list-style-type: none"> • 40 rubber tappers from HPL rubber estates obtained NVQ 3 certification • HPL is among the plantation companies to award Skills Passports for field staff. • Our estate creches for estate children • E-learning platform for estate school-going children • Pre-school facilities for Estate Children

No	UNSDG	Progress /Initiatives under the Commitment
		<p>A majority of employees in our tea plantations are women. We maintain a strict merit-based payments system, and zero tolerance approach to sexual harassment, to change traditional mindsets among estate communities.</p> <ul style="list-style-type: none"> • In addition, HPL maintains a gender equality policy with regards to all aspects of employment, including recruitment, wages, promotions, training opportunities and rewards.
		<p>We invest in clean water for estate communities.</p> <ul style="list-style-type: none"> • Drinking water projects for estate communities with the technical support of external non-governmental organizations (ADRA, World vision, Rainforest Alliance and Fairtrade Foundation) • Improving sanitation standards by building toilets for estate families (with help of the PHDT) • Housing for workers that include hygienic toilets. • Construct sustainable female hygiene units on every Division
		<p>Horana Plantations PLC has invested in renewable energy,</p> <ul style="list-style-type: none"> • On-grid rooftop Solar – 5 units • Off-grid Rooftop Solar – 18 Units • Hydropower Plant – 2 Units
		<p>HPL has a comprehensive employment policy framework in compliance with national labor laws and equal opportunity employment commitments, that fosters a decent work environment for all employees. In addition, we support economic growth through both direct and indirect employment creation.</p> <p>HPL Employment Policy Framework</p> <ul style="list-style-type: none"> - Employment Policy (including anti-child labor and anti-forced/compulsory labor) - Occupational Health and Safety Policy - Sexual Harassment Prevention Policy - Gender Equality Policy - Anti- Anti-discrimination and Anti-harassment Policy - Youth Policy - Contagious Diseases Policy - Anti-bribery Policy - Freedom of Association Policy

STRATEGIES, POLICIES & PRACTICES

No	UNSDG	Progress /Initiatives under the Commitment
		<p>We make an annual capital allocation for research and development (R&D).</p> <p>R&D objectives:</p> <ul style="list-style-type: none"> • Collaborate with universities, clients and suppliers for new technologies. • Maintain human and financial resources allocated for R&D. • Protect and exploit results of our R&D • Strengthening our scientific and technological bases. • Provide access to our employees to relevant technological information to acquire new knowledge • Encourage ideas of our employees and encourage teamwork
		<p>We have developed a holistic approach towards addressing and reducing inequalities. Gender discrimination of women is prevalent within Sri Lankan society and is a deep rooted tradition in Sri Lankan estate communities.</p> <ul style="list-style-type: none"> • Therefore, we maintain a non-discriminatory organization culture, where recruitment, pay and all career development opportunities are merit based. • We educate all employees and estate communities about gender discrimination, sexual harassment and the rights of women to change attitudes and to create a safe living and working environment for women and children. • We conduct many projects to empower women. One such highly successful initiative is the She-Essentia project.
		<ul style="list-style-type: none"> • We have been investing in renewable energy and we have expanded our renewable energy investments as a key component of creating a sustainable work infrastructure. • As an ongoing maintenance activity, every year, we invest in developing and maintaining road networks within our estates. • Every year we contribute towards community housing, sanitation and access to drinking water, as well as developing rainwater harvesting systems within our estates. We also build and maintain creches for children of our estate communities and many other community infrastructures.
		<p>Responsible consumption and production are at the heart of our sustainability strategy through energy management, water and effluent treatment, waste and material management through circular economy initiatives and correct disposal.</p> <p>Please refer Natural Capital chapter for information on our initiatives</p>

No	UNSDG	Progress /Initiatives under the Commitment
		We support climate action to achieve Net Zero status by 2027 and carbon neutral status by 2030. Please refer Natural Capital chapter for information on our initiatives.
		<ul style="list-style-type: none"> Establishing riparian buffer zones along the streams and water channels to prevent potential water pollution from agricultural activity Preventing illegal fishing to conserve aquatic animals.
		We have many highly impactful projects to protect our biodiversity and natural resources. Please refer Natural Capital chapter for information on our initiatives
		<ul style="list-style-type: none"> We comply with all applicable regulations on labor, environment, customer safety and community welfare. We promote respect for rule of law and responsible citizenry throughout our Company and our estate communities. A responsible supply chain management system is operational to comply with ethical and socially and environmentally responsible operations.
		We have a wide network of partners, including government, nongovernment and academic establishments, to obtain specialized technical knowledge and funding for sustainability initiatives including social welfare activities as well as environmental conservation projects and for agricultural innovations. Please refer the Social Capital and Natural Capital chapters for information on our ongoing projects and project partners.

GRI 2-24

Embedding policy commitments

We embed our Sustainability Policy Commitments into our Value Chain, Supply Chain and all grades of employees, through targeted training programs, Standard Operating Procedures (SOPs), compliance with international accreditations and national regulations, environmental and social impact assessments and due diligence of suppliers. These are described below;

• **Appointment of a Central Sustainability Team**

A Central Sustainability Team has been appointed that reports to the Managing Director and the CEO.

• **Sustainability Certification**

SOPs are aligned with accreditation standards in line with our policy

commitments and employees are trained to comply with the accreditation requirements. Conformity is validated annually, through external audits. We have qualified for multiple sustainability accreditations and management quality standards, demonstrating a high level of sustainability integration within the Company hierarchy.

HPL is the first Company to be accredited for Certified Oil Palm in the world. This global recognition was awarded by the Forest Stewardship Council (FSC) and confirms through independent, external verification that our oil palm cultivations are environmentally and socially sustainable.

Our Sustainability Accreditations includes:

- Sri Lanka Good Agricultural practices (SL-GAP) for fruits (01 estate)

- Forest Stewardship Council (FSC) (Oil palm cultivation)
- Rainforest Alliance Certification (08 Tea Estates)
- Ethical Tea Partnership (ETP) (09 Tea Estates)
- Fair-trade Certification (03 Tea Estates)
- Fair Rubber (01 rubber estate)
- Forest Stewardship Council accreditation (FSC™) (01 Rubber Estates)
- Eco Label Certification (8 estates)
- GHG Inventory verification (ISO 14064-1:2018) (14 Estates)
- Eco-System Restoration Verification – (6 Estates)

Environmental, Social Impact Assessments (ESIA) in Estates

We conduct annual ESIA on all our estates

STRATEGIES, POLICIES & PRACTICES

to monitor Social and Environmental performance of each estate with the support of external experts and findings are presented to HPL's Central Sustainability Team with recommendations on improvements.

Supplier Social and Environmental Impact Assessments

Annual due diligence is conducted with suppliers. In addition, around every 5 years, or as required by external sustainability accreditation requirements, social and environmental assessments are conducted on selected business partners including firewood suppliers, bought leaf suppliers and waste collectors, with the assistance of an independent external consultant.

Carbon Footprint Measurement

We conduct carbon footprint measurement exercises to raise awareness among all employees toward sustainable operations.

Compliance with Environmental and Health and Safety Regulations

All our factories comply with Central Environmental Authority (CEA) directives and are subject to annual inspections by the CEA. We also comply with the Factories Ordinance, including its health and safety directives, which are inspected annually by the Labour Department.

Application of Global Best Practices

Employees are trained in best practices on health and safety, agricultural practices, land irrigation, water use, effluent treatment, waste water disposal and waste disposal. We also conduct training programs with environmentalists to increase awareness.

Community and Employee Participation in Sustainability Initiatives

We conduct a range of initiatives with estate community participation as described in our strategies. We provide

training and conduct awareness programs to embed sustainability concept into estate families. In addition, we have established community committees to oversee sustainability-related aspects. These include:

- Estates wise Water Management Committees.
- Gender Committees in estates wise to address gender issues.
- Every estate division has a Child Protection Focal Point person and a mobile monitoring application has been developed to monitor that child protection protocols are observed.
- Sustainability Champions are appointed for every estate.
- Estate Wise Youth clubs.
- Estate Wise Waste Management Committees.

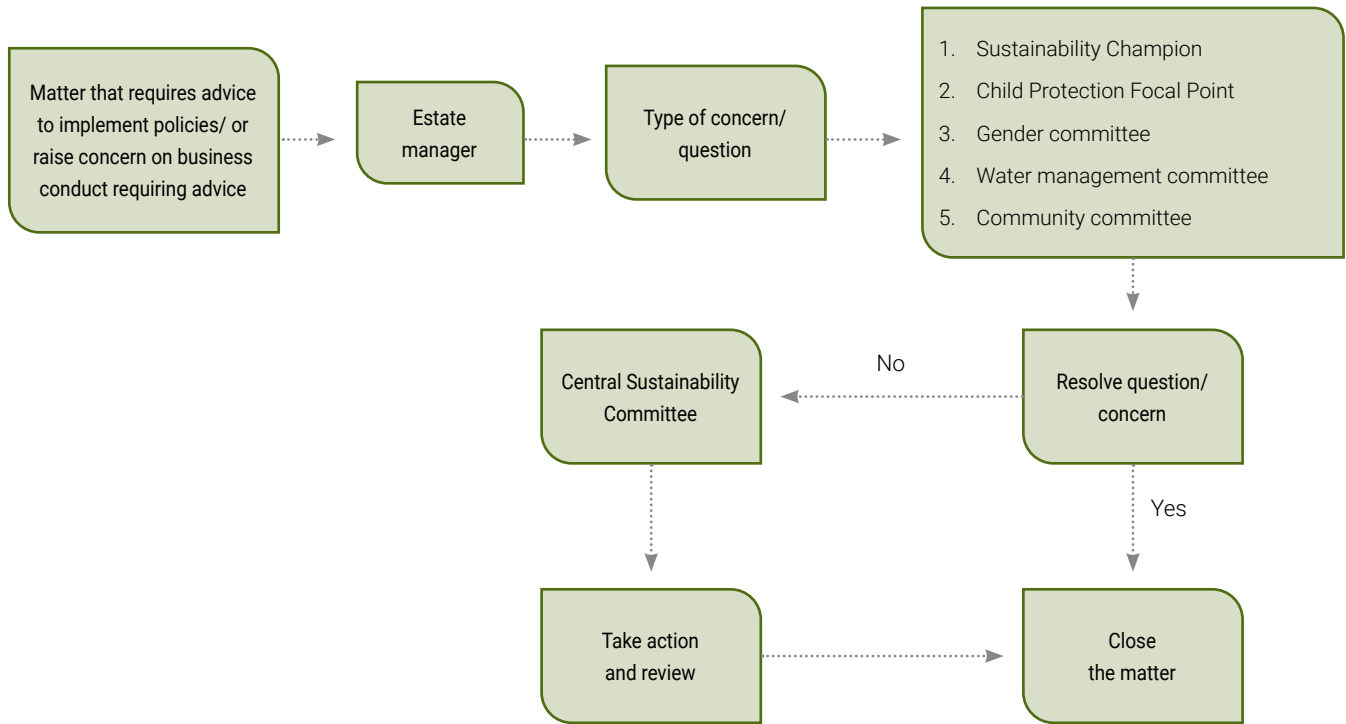
GRI 2-25 Processes to Remediate Negative Impacts

In the case of any negative impacts, there is a system to initiate corrective action. The negative impact is communicated to the Sustainability Team and corrective action is formulated. The Sustainability Champion at each estate is tasked with implementing corrective actions at an operational level, under the guidance of the Central Sustainability Team.



GRI 2-26 Mechanisms for seeking advice and raising concerns

A clear mechanism is available for individuals including employees and estate communities, to seek advice on implementing HPL's policies and practices for responsible business conduct, and to raise concerns regarding business conduct.



GRI 2-27 Compliance with laws and regulations

There have been no instances of significant non-compliance with laws and regulations by Horana Plantations PLC, during the reporting period.

STRATEGIES, POLICIES & PRACTICES

WAY FORWARD

With the evidence of economic stability, a positive growth rate is predicted for the ensuing year. HPL intend investing in sustainable agri businesses with Solar Energy and expansion in Oil Palm cultivation, and ensure a better Climate Smart Crop Diversification in our portfolio and to maximize from the land mass, with less dependency on Tea revenues, and sustain healthier revenue streams that are less worker intensive. With an aging Plantation population and the reluctance of the younger generation taking to Plantation, Community Empowerment and skill enhancement through Technology Transformation to an agribusiness venture, and, with a higher earning capacity to the aspiration of the younger generation, the family unit in the plantations would retain for the Plantations' sustainability. Automation and Mechanization to reduce worker dependency, lead time, improve product quality and productivity are avenues we intend investing in the ensuing years.



Short Term;

Implement renewable energy interventions, adopt climate-smart agricultural practices to mitigate risks, automate factories to minimize costs, and collaborate across departments to ensure a comprehensive approach to working capital management.

Medium Term;

Invest in poly tunnels, optimize new technology, create value-added products, invest in plantation tourism, and adopt regenerative agricultural practices to improve water quality.

Long Term;

Develop its trademark, achieve net-zero carbon emissions, trade carbon credits, maintain matured land with a motivated workforce, and diversify into new agribusiness ventures.

SHORT TERM;

In the immediate term, interventions are made for the use of renewable energy, by way of factory and bungalow roofs' space to be used up for solar energy production and mini hydro optimization to reduce the high cost of energy in manufacturing, narrowing cost. Climate smart agricultural practices to be expedited to mitigate climate change repercussions on production outputs and revenue losses and adverse impacts on livelihoods. Automation in factories to be undertaken to reduce cost and improve productivity.

Inclusive Community Empowerment training to be undertaken by professional trainers, for the sustenance of the industry and to create a climate to encourage new recruitment, and retain the existing cadre, and for shared revenue employment opportunities to be introduced to create farming entrepreneurs. Intensive planting of Oil Palm in the low elevated wet zone to maximize the productivity of land use for higher revenue generation.

By implementing effective working capital management and liquidity strategies, the

Company has successfully managed the working capital and maintained sufficient liquidity to support the operations and growth. This includes regularly forecasting cash flows to meet short-term liquidity needs, efficiently managing receivables and payables to minimize inventory-to-cash conversion time, and monitoring debtor and inventory aging reports to address overdue receivables and slow-moving inventories. The Company maintains access to short-term credit lines for unexpected cash flow shortfalls and establishes minimum cash reserves

based on its risk profile. Cost control measures and operational cost reviews are regularly conducted to reduce unnecessary expenses and enhance cash flow, with collaboration between finance, operations, and sales departments ensuring a comprehensive approach to working capital management.

MEDIUM TERM;

Invest in Poly Tunnels and create Value Added Products to optimize new technology and land use. In the medium term, With the intensive promotion on tourism and high inflows of foreign travelers expected, Invest on plantation tourism, with a view to create a niche Tea Plantation Tourism with its nature and biodiversity to be discovered by making use of the PEKOE TRAIL and the Bungalows with a very rich heritage of the plantation Raj, by high worth travelers. Consolidate Coffee plantations and intercrop with High Density Tea plantations for higher product diversity in the Tea Plantation , maximizing from its high elevations, for a high quality end product. Regenerative agricultural practices to be intensified with a view of improving Soil Carbon, Bio Diversity, Climate Resilience,

improving Water Quality and Working towards a Carbon Neutral by 2030.

LONG TERM;

In the long term, all Agro produce manufactured would be Value Added and trademarked to add value to the plantation Company and to maximize higher revenues. The Company would be a Net Zero Carbon emitting plantation Company and would be in a position to trade off Carbon Credits for higher revenues. With the cultivable land being in productive stage, with a highly motivated specialized work force, the Company would diversify into new agribusiness ventures for growth.

ESG INTEGRATION

While sustainability has always been of the Company's ethos, during the year HPL formalised its commitment to embedding ESG considerations across its operations through the formulation of an ESG Framework that targets and action plans to align the Company's sustainability strategy with its overall business goals. This framework was developed with a deep understanding of HPL's operational and decision-making needs as well as emerging sustainability risks and opportunities which are becoming increasingly pronounced in our operating landscape.



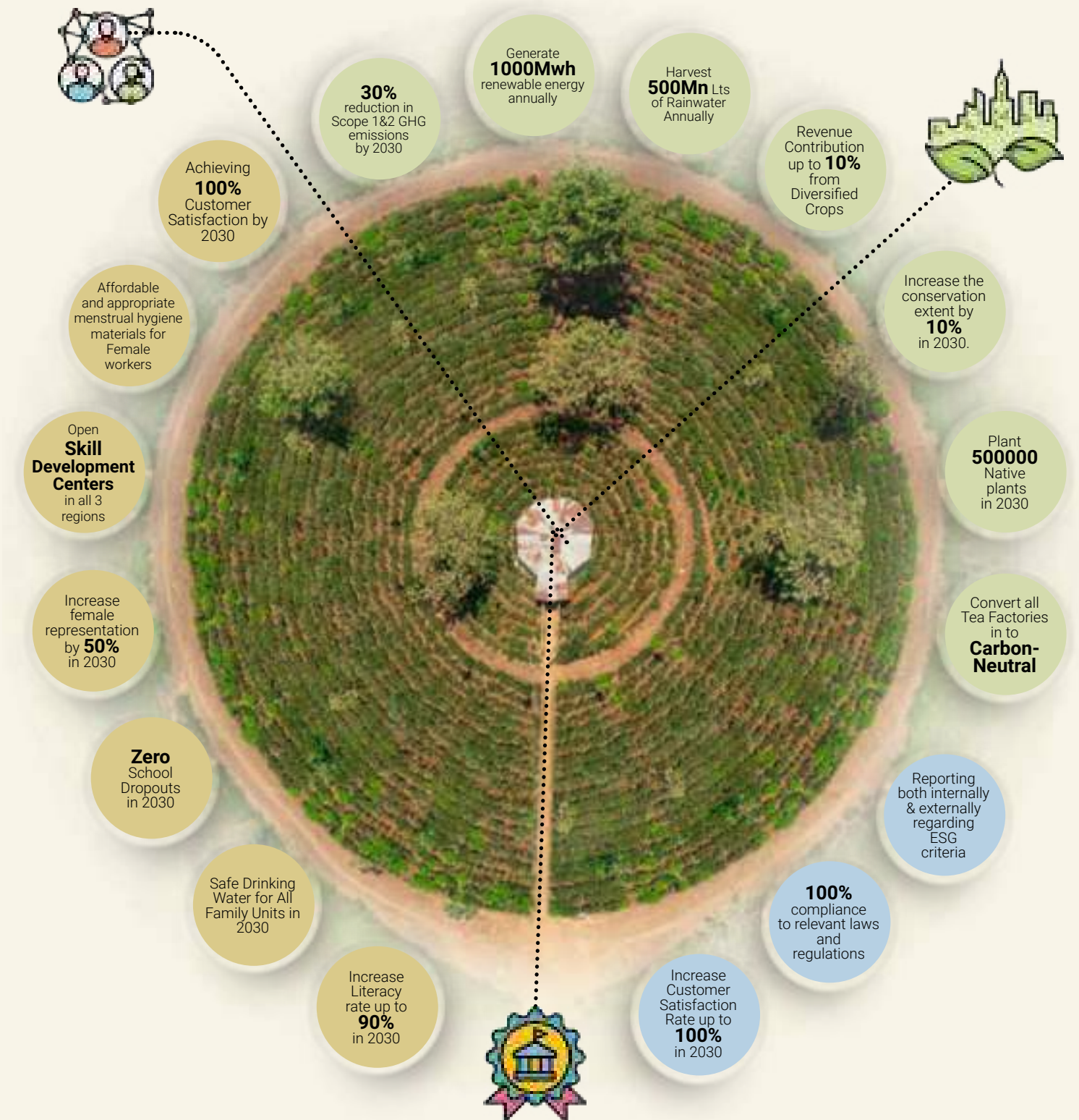
The Framework is aimed at supporting efficient resource allocation, addressing the impacts of climate change, and driving greater socio-economic impacts across our value chains. Throughout 2023/24, HPL established the necessary governance structures, reporting frameworks and policies to translate its ESG concepts and strategies into actionable steps within its plantation operations.

OUR APPROACH








At HPL, our approach to Environmental, Social, and Governance (ESG) is integral to our mission and operations. We are committed to sustainable practices that strengthen the resilience of our business while contributing positively to society and the environment. Our ESG roadmap involves a comprehensive framework that aligns with our overall business goals, the ESG aspirations of the Hayleys Group and the United Nations Sustainable Development Goals (UN SDGs). We focus on efficient resource allocation, minimizing environmental impact, socio-economic value creation and fostering a culture of integrity and governance. By prioritising transparency, accountability, and community engagement, we aim to create long-term value for our stakeholders while ensuring the sustainability of our operations.

HPL's ESG FRAMEWORK

The Company's ESG roadmap is aligned with "Hayleys Lifecode", the Hayleys Group's holistic ESG roadmap. The plan acts as a guide for HPL to set specific and measurable targets for ESG performance by 2030. By proactively managing these factors, HPL aims to mitigate environmental risks, capitalize on social opportunities, and strengthen their overall governance practices.



ESG INTERGRATION

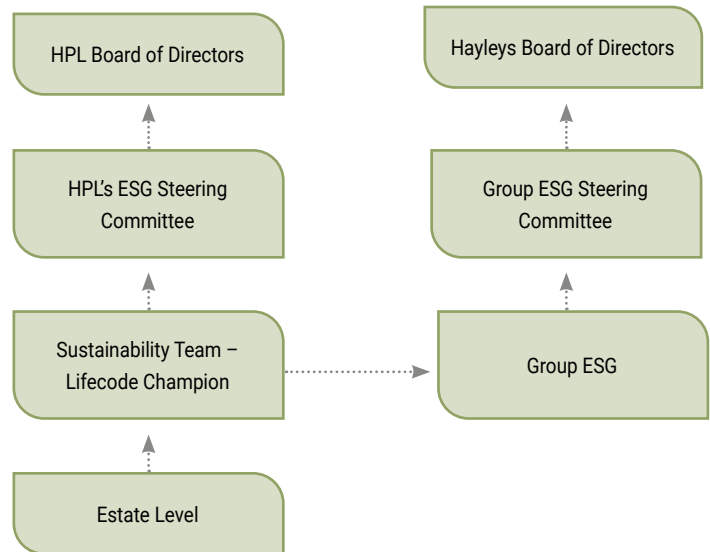
Priority area	SDGs	2030 Target	2023/24 Achievement
Biodiversity	 	Increase the conservation extent by 10%.	+ 155 Ha
		Plant 500,000 Native Plants.	+ 8,181
Water	 	Safe Drinking Water for All Family Units in 2030.	100%
		Harvest 500Mn Lts of Rainwater by 2030.	66.3 Mn L
Energy and Emissions	 	Convert all Tea Factories into Carbon-Neutral.	28%
		90% sustainable and renewable energy applications.	89%
		30% reduction in Scope 1&2 GHG emissions by 2030.	4%
Materials		Reduce Chemical Fertilizer Application By 50%.	22%
Health and Safety		Zero Work Place Injuries.	7
Social Development	     	Affordable and hygienic menstrual hygiene materials for every Female worker in estate Community.	1 Manufacturing Center
		Open Skill Development Centers in all 3 regions.	1
		Increase female representation by 50% in administration in 2030.	32%
		Increase Literacy rate up to 90% in 2030.	75%
Stakeholder Engagement	 	Increase Customer Satisfaction Rate up to 100% in 2030.	87%

ESG GOVERNANCE

During the year, the Company placed focus on strengthening its sustainability governance with the establishment of an ESG Steering Committee. These improvements preceded the Company's early adoption of the SLFRS S1 and S2 Sustainability Disclosure Standards- which require clear oversight of the Board on ESG related matters.



ESG governance structure of HPL set out below,



ESG STEERING COMMITTEE

Under the stewardship of a Senior Corporate Management professional, who serves as the linchpin between the Committee and our top leadership, the ESG Steering Committee operates with a clear mandate. This mandate encompasses monitoring progress on ESG goals, identifying and mitigating ESG risks and opportunities, managing deviations, advising on strategic realignment, and ensuring transparent, accurate, and ethical reporting of ESG data.



Objective

To provide oversight with respect to the Company's Environment, Social and Governance (ESG) framework, strategy, policies, risks and opportunities, initiatives and external commitments.



Meetings

The ESG Steering Committee shall meet as least once a calendar quarter, with the authority to convene additional meetings when necessary. A delegated officer will function as Secretary to the Committee and shall record and keep detailed minutes of the Committee meetings.

All minutes of the Committee shall be properly documented and communicated to the Board of Directors at their quarterly Board meetings.

Composition

The ESG Steering Committee consists of,

- Director/Chief Executive Officer (Board Representative)
- General Manager of Finance
- General Manager of Corporate Affairs
- Manager – Finance
- Manager – HR & Sustainability
- Manager – Information Technology
- Manager – Procurement
- Asst. Manager - Marketing



The HPL Board's role on ESG

Reviewing and approving the Company's sustainable development strategies and plans, including medium-term and short-term plans.

Reviewing and approving the Company's annual sustainability-related budgets.

Monitoring and reviewing the Company's progress towards sustainability and environment-related objectives.

Approval of capital expenditure, including annual approval of annual capital expenditure budgets and any material changes to the policy on capital expenditure.

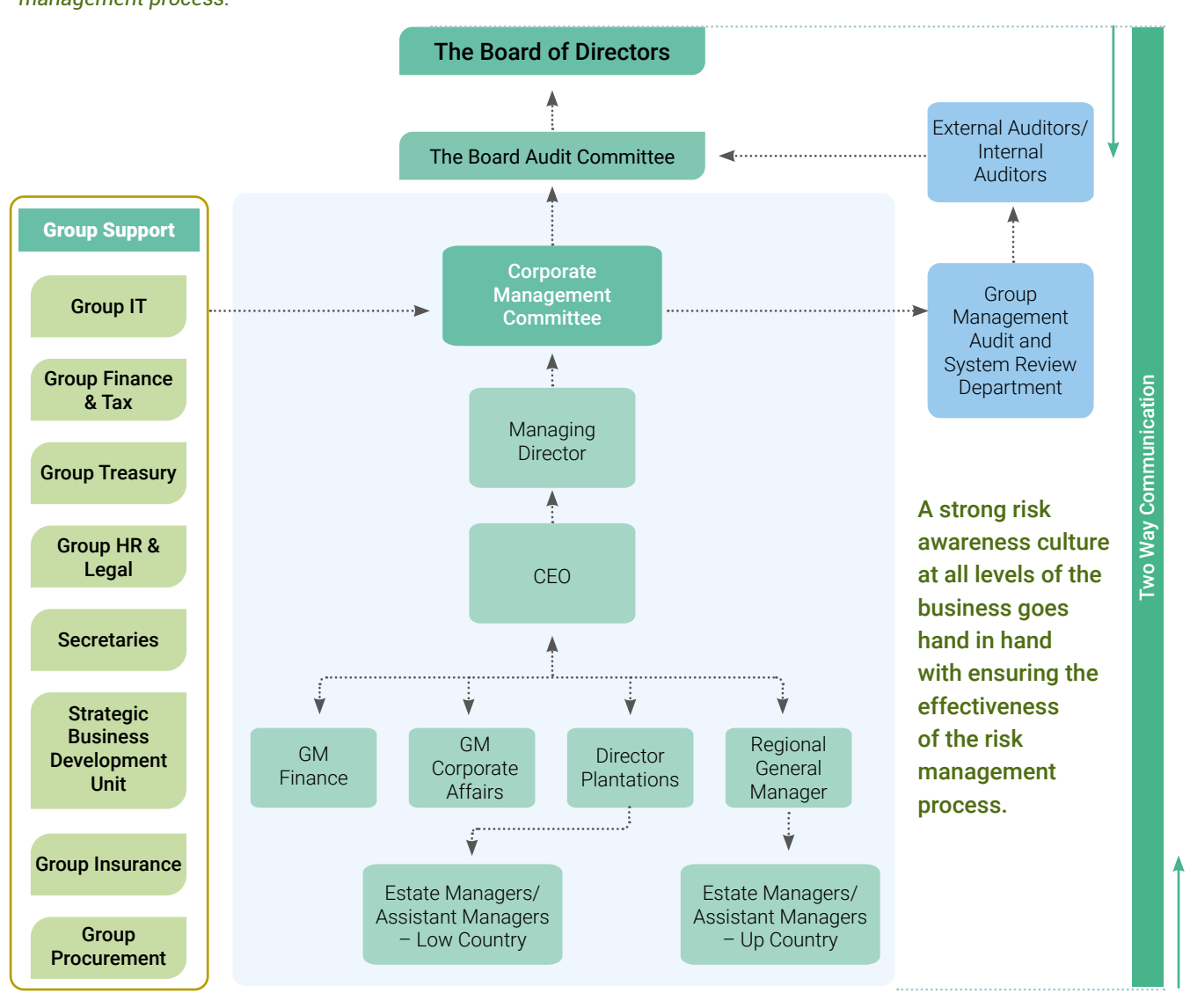
MANAGING RISK

The risk landscape demonstrated significant changes during the year under review, compared to the previous financial year. These included changes to key domestic economic indicators that gradually improved during the year, as well as global factors. HPL has a comprehensive Risk Management Framework that enabled timely, as well as prudent responses to manage the threats faced by the Company during the year, while optimizing opportunities.

HPL'S RISK MANAGEMENT FRAMEWORK

The Risk Management Process is executed by HPL's Corporate Management Committee/ESG Steering Committee under the stewardship of the HPL Board and the Board Audit Committee. The Internal and External Auditors play a vital role in providing independent verification and assurance regarding the efficacy of the Risk Management Process.

A strong risk awareness culture at all levels of the business goes hand in hand with ensuring the effectiveness of the risk management process.



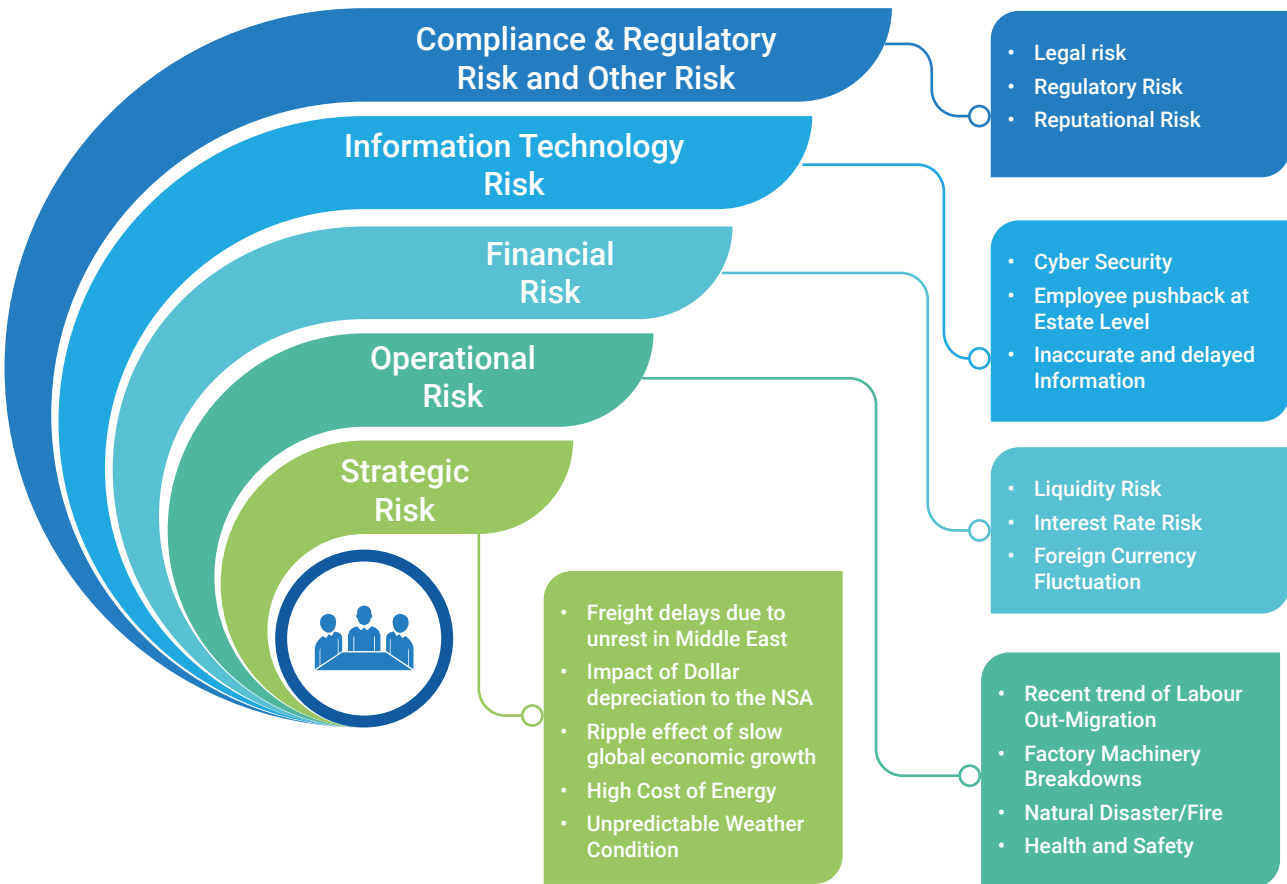
APPROACH TO HPL'S RISK MANAGEMENT

The Company adopts the three lines of defense model to manage its risk.



RISK IDENTIFICATION

The Corporate Management Committee/ESG Steering Committee meets often to identify risks (and opportunities) arising out of discussions with the estate management, internal audits, quality audits, sustainability audits as well as market information and competitor trends.

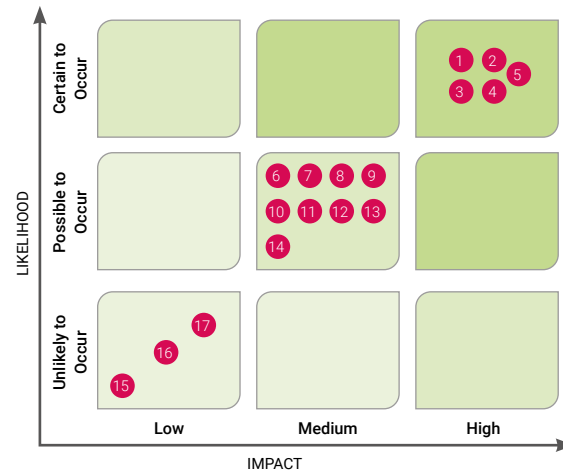


MANAGING RISK



EVALUATION AND PRIORITIZATION

Identified risks are evaluated based on the impact to the business (i.e: High, Medium and Low) and Likelihood of occurrence (i.e : Unlikely to Occur, Possible to Occur and Certain to Occur). This helps to prioritise all key risks for the purpose of planning and implementing appropriate risk response strategies.



RISK RESPONSE STRATEGIES

Risk response strategies are determined based on the HPL's appetite for each risk type. Risk responses include policies, limit thresholds, procedures and protocols implemented across the business. All employees are required to comply with these established risk responses without exception.

RISK MONITORING AND REPORTING

Risk monitoring and reporting is ongoing. It is a bottom-up process that starts at an operational level and moves all the way up to the Board through the Corporate Management Committee/ ESG Steering Committee and the Board Audit Committee. Independent assurance reports provided by internal / External Auditors also play a vital role in monitoring.

Risk Management Related Duties and Responsibilities

Board of Directors	<ul style="list-style-type: none"> Setting risk appetite limits for each risk category. Reviewing and approving risk policies, procedures and protocols and processes.
Board Audit Committee	<ul style="list-style-type: none"> Review identified risk. Review of appropriateness of risk response strategies. Monitoring of progress of strategies.
External Auditors and Internal Auditors	<ul style="list-style-type: none"> Regular review of financials and internal controls. Providing recommendations to improve existing internal control framework.
Corporate Management Committee/ESG Steering Committee	<ul style="list-style-type: none"> Proactive Risk analysis through ongoing discussions with estate and operational management. Formulate and recommend appropriate response strategies to the Board. Reinforce adherence to risk policies, procedures and protocols and processes. Strengthen the risk awareness culture.

Best Practices/Improvements to Risk Management in 2023/24

- Conducting process studies when allocating funds for any new project or investment, and when making financial decisions, including conducting feasibility studies.
- Conduct monthly Finance Meetings to review the Financial Statement and Trial Balance with the GM Finance.
- GM Finance participates in the monthly CFO meeting conducted by the Hayleys Group.
- Hayleys Group Management Committee reviews the Financial Performance monthly.
- Conduct monthly Information Technology Review meetings with the IT department and discuss IT support to minimise the risk and implement IT infrastructure to operations.
- Review performance against the Industry Performance by every quarter.
- Review and Monitor ESG Performances by ESG Steering Committee quarterly.

Improvements to Internal Controls in 2023/24

- Perform internal audits (Group Management Audit and System Review Department) covering all the estates and head office. Internal Audit reports are presented to the Audit Committee.
- Conducting the monthly reviews of estate accounts by the Head Office staff.
- Random estate reviews to check internal controls and estate books every month.
- Make monthly buyer visits by the Marketing Department & Factory Offices to manufacture according to buyer requirements.
- Random estate visits by the Marketing Department and Manufacturing Adviser to check quality of the Tea and manufacturing process.
- Conduct monthly revenue meeting with all Estate Managers and Factory Offices by the Marketing Department.
- Awareness programmes on Tax changes to the staff.

MANAGING RISK

Risk Management Report 2023/24

Risks were identified under the categories of Operational, Finance, Environment, Health and Safety, Human Resource, Marketing, Information Technology and Other. These risks were prioritized based on severity of impact and probability of occurrence, as listed below.

Risk Identification		Risk Evaluation and Prioritisation				Risk Response Strategy	Risk Monitoring and Reporting
Risk Category	Risk Factor	Severity (Impact on Business)	Probability of Occurrence	Rating 2023/24	Rating 2022/23		
Strategic Risk	<ol style="list-style-type: none"> 1 Freight delays due to unrest in Middle East - (fluctuation of freight charges - Tea). 2 Impact of Dollar depreciation to the NSA. 3 Ripple effect of slow global economic growth. 	9	9	High	High	<ul style="list-style-type: none"> • The Company strives to produce high quality Tea and Rubber products whilst maintaining internationally accepted certifications to retain competitive positioning in the market. • Analyse the market requirements and fulfil them by using product mixing strategy (both Tea and Rubber). • Minimise the stock holding period and release the stocks based on market supply and demand. • Regular communication with brokers and forecast the market with broker information (price and demand). • Rubber - Secure more contracts for at least the next 03 months. 	<ul style="list-style-type: none"> • Monitor the effectiveness and efficiency of the risk response strategies adopted at the weekly production meeting and monthly management meeting conducted by Corporate Management team. • Communicated to the Board through the Board Audit Committee quarterly.
	4 High Cost of Energy	9	8	High	High	<ul style="list-style-type: none"> • Off grid and on grid solar utilization for factories and bungalows. • Effective use of Peltons. (Operates with maximum capacity) • Reducing electricity consumption by arranging tasks between peak time and off peak time. • Maintaining firewood buffer stock for 3 months to reduce moisture. 	<ul style="list-style-type: none"> • Monitor the effectiveness and efficiency of the risk response strategies adopted at the weekly production meeting and monthly management meeting conducted by Corporate Management team. • Communicated to the Board through the Board Audit Committee quarterly.
Operational Risk	5 Recent trend of Labour Out-Migration	9	8	High	High	<ul style="list-style-type: none"> • Mechanization of Harvesting. • Attractive incentive is been paid for workers. • Training, Development & Performance management, Motivation and Empowerment are practiced. • Making better environment in the work places and upgrading the rest room facilities. • Harvesting on Non-wage Model (Revenue share model and Kilo basis tapping). • Factory automation to reduce the dependence on manual labour. 	<ul style="list-style-type: none"> • Monitor the effectiveness and efficiency of the risk response strategies adopted at the weekly production meeting and monthly management meeting conducted by Corporate Management team. • Communicated to the Board through the Board Audit Committee quarterly.

Risk Identification		Risk Evaluation and Prioritisation				Risk Response Strategy	Risk Monitoring and Reporting
Risk Category	Risk Factor	Severity (Impact on Business)	Probability of Occurrence	Rating 2023/24	Rating 2022/23		
	<p>6 Factory Machinery Breakdowns</p> <p>7 Natural Disaster/ Fire</p>	8	7	Medium	Medium	<ul style="list-style-type: none"> Insurance covers have been obtained for tangible assets. Disaster recovery management procedures are followed. Sound internal control system followed to safeguard tangible assets. 	<ul style="list-style-type: none"> Monitor the effectiveness and efficiency of the risk response strategies adopted at the weekly production meeting and monthly management meeting conducted by Corporate Management team. Communicated to the Board through the Board Audit Committee quarterly.
	8 Health and Safety Pandemic of diseases	8	8	Medium	Medium	<ul style="list-style-type: none"> Implementing all recommended health and safety procedures. Raising awareness to inform the workforce of the latest safety guidelines and practising good hygiene. 	<ul style="list-style-type: none"> Monitor the effectiveness and efficiency of the risk response strategies adopted at the weekly production meeting and monthly management meeting conducted by Corporate Management team. Communicated to the Board through the Board Audit Committee quarterly.
Financial Risk	9 Liquidity Risk Availability of sufficient funds is crucial as the industry is cyclical and the returns are long term.	7	9	Medium	Medium	<ul style="list-style-type: none"> HPLs borrowings are suitably structured to ensure the availability of sufficient liquidity to meet debt commitments and other operational requirements. 	<ul style="list-style-type: none"> Monitor the effectiveness and efficiency of the risk response strategies adopted at the monthly management meeting conducted by Corporate Management team. Communicated to the Board through the Board Audit Committee quarterly.
	10 Interest Rate Risk Adverse effect on fluctuating interest rates need to be minimized as it has a significant impact on profitability and cash flow.	8	8	Medium	Medium	<ul style="list-style-type: none"> Reduce finance cost by utilizing concessionary and advantageous lending rates. Seek possibilities of obtain intercompany borrowings. 	<ul style="list-style-type: none"> Monitor the effectiveness and efficiency of the risk response strategies adopted at the monthly management meeting conducted by Corporate Management team. Communicated to the Board through the Board Audit Committee quarterly.
	11 Foreign Currency Fluctuation Since the Company is an indirect exporter, foreign currency fluctuation directly impacts to the NSA and input material cost.	9	7	Medium	Medium	<ul style="list-style-type: none"> Rubber - Secure more contracts for at least the next 03 months. Tea - Change the product mix to achieve high NSA. 	<ul style="list-style-type: none"> Monitor the effectiveness and efficiency of the risk response strategies adopted at the weekly production meeting and monthly management meeting conducted by Corporate Management team. Communicated to the Board through the Board Audit Committee quarterly.

MANAGING RISK

Risk Identification		Risk Evaluation and Prioritisation				Risk Response Strategy	Risk Monitoring and Reporting
Risk Category	Risk Factor	Severity (Impact on Business)	Probability of Occurrence	Rating 2023/24	Rating 2022/23		
Information Technology	12 Cyber Security	9	7	Medium	Medium	<ul style="list-style-type: none"> Use of Antivirus and firewall software. Secured backup systems. 	<ul style="list-style-type: none"> Monitor the effectiveness and efficiency of the risk response strategies adopted at the monthly IT review meeting and management meeting conducted by Corporate Management team. Communicated to the Board through the Board Audit Committee quarterly.
	13 Employee Pushback at Estate Level	8	7	Medium	Medium	<ul style="list-style-type: none"> Increase the level of awareness regarding new technologies and benefits. Well planned. Change management programmes to ease employee transition towards technology adoption. 	
	14 Inaccurate and delayed Information	8	6	Medium	Medium	<ul style="list-style-type: none"> HPL has an integrated information system with our estates and head office in order to produce accurate and reliable information. The system integrity is reviewed constantly and maintained by the software provider and uses licensed software. 	
Compliance & Regulatory Risk and Other Risk	15 Legal Risk Legal risks are those risks resulting from legal consequences causing financial losses.	7	6	Low	Low	<ul style="list-style-type: none"> The Company with the assistance of its legal advisers and secretaries ensures compliance of all legislative and regulatory requirements including corporate governance, labour relations and requirements of Security and Exchange Commission and Colombo Stock Exchange. The Company also obtain expert advice from Auditors, Tax consultants, Actuaries and advisory services of Tea Research Institute and Rubber Research Institute. 	<ul style="list-style-type: none"> Monitor the effectiveness and efficiency of the risk response strategies adopted at the monthly management meeting conducted by Corporate Management team. Communicated to the Board through the Board Audit Committee quarterly.
	16 Regulatory Risk including financial reporting Risk of non-compliance of regulatory requirements.						
	17 Reputational Risk Reputation is considered as most valuable asset of the Company as non-compliance may lead to loss of reputation and financial loss.	7	6	Low	Low	<ul style="list-style-type: none"> HPL's systems and procedures cover the areas such as maintenance of quality, health and safety and environmental issues and ensure that best practices are followed. Culture of Ethics. The Company maintains international standardization accreditations such as Rainforest Alliance, Fairtrade, GHG Inventory Verification (ISO 14064-1), ISO 22000:2018, ISO 14001: 2015, ISO 9001:2015, ISO 45001:2018, Forest Stewardship Council (FSC TM), Fair Rubber, Ecosystem Restoration Verification and ECO Label. 	

CLIMATE RISK MANAGEMENT

Due to the vital significance of weather conditions on the Company's financial sustainability as an agricultural producer, we have opted to early adopt SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 - Climate Related Disclosures taking the following transitional relief that is offered by CA Sri Lanka for first-time adopters,

- **Climate-first reporting: Application of IFRS S2 in accordance with IFRS S1, to the extent that IFRS S1 refers to climate-related information**
- **Proportionality: Qualitative approach to determine anticipated financial effects of SRROs and climate-related scenario analysis**

SUSTAINABILITY RELATED RISK AND OPPORTUNITIES (SRRO)

Sustainability related risks and opportunities have become critical considerations for businesses and policymakers alike. Environmental challenges such as climate change, resource depletion, and pollution pose significant threats to operational stability and long-term viability.

During the year, the Company strengthened its risk management processes by embedding sustainability risks to its overall business risk management processes. This framework utilizes a combination of internal and external sources to identify potential ESG -related risks and opportunities. The impact of the identified Sustainability risk and opportunities are an input in the Company's strategy formulation process.

MANAGEMENT OF SUSTAINABILITY RELATED RISK AND OPPORTUNITIES

SRROs are identified by the ESG Steering Committee, based on emerging industry dynamics, insights from the leadership team and based on global sustainability trends. Non-financial performance (both environmental and social) and monitored monthly, with information obtained from all estates. HPL. Further, information from internal audits, quality audits, sustainability audits as well as market information and competitor trends are taken into

consideration too.

After analyzing all the non-financial data/ information, HPL's sustainability team provide summary reports to ESG steering Committee/Corporate management committee monthly. The Corporate Management Committee meets often to identify risks and opportunities arising out of information provided by ESG Steering Committee and discussions with the estate management. The indicators are also submitted to the ultimate parent, Hayleys PLC through which progress is monitored at the Hayleys ESG Steering Committee, Board Audit Committee and GMC level.

Identified sustainability related Risk and opportunities are evaluated based on the

impact to the business (i.e: High, Medium and Low) and probability of occurrence (i.e : Unlikely to Occur, Possible to Occur and Certain to Occur). This helps to prioritise all key risks for the purpose of planning and implementing appropriate risk response strategies.

Risk response strategies are determined based on the HPL's appetite for each risk type. Risk responses include policies, limit thresholds, procedures, protocols and interventions implemented across the business. All employees are required to comply with these established risk responses without exception.

Risk monitoring and reporting is ongoing. It is a bottom-up process that starts at an operational level and moves all the way up to the Board through the ESG Steering Committee/Corporate Management Committee and the Board Audit Committee, quarterly.

CLIMATE-RELATED RISKS AND OPPORTUNITIES(CRRO)

For management of CRRO, Same management procedures have been followed as mentioned above (SRRO) and following CRROs have been identified for the year 2023/24 under three time horizons ; Short Term (within one year), Medium Term (within 2 – 5 years) and Long Term (more than 5 years), which are directly impacts the Company's operations and financial sustainability.

Physical Risk

- Unpredictable weather condition due to Climate change. (Volatile rainfall and temperatures)

Transition Risk

- Changing buyer requirements

Opportunities

- Renewable Energy Integration
- Carbon Sequestration

MANAGING RISK

Climate-Related Risk		Rating / Time Horizon									Response Strategy
Risk Category	Risk Description	Short			Medium			Long			
		Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	Impact	Occurrence	Overall Rating	
Physical Risk, Unpredictable weather condition	<p>Erratic weather patterns result in extreme rainfall, temperatures and, prolong drought; as a very climate sensitive crop the impact on Tea and Rubber could be significant.</p> <p>These conditions directly impact activities such as harvesting, planting and transportation. As a result, the quality of the products, yield and production volumes may fluctuate according to climatic changes.</p> <p>Risks,</p> <ul style="list-style-type: none"> • extreme rainfall • temperatures • prolong drought 										<ul style="list-style-type: none"> • The Company adopts prudent agricultural practices such as TRI recommended clones. • Increase the number of Rain water harvesting ponds created anticipating dry spells. • Proactive monitoring of rainfall and temperature patterns to identify impact on Tea. • Crop diversification. • Improving soil condition by applying relevant fertilizer on time and promote organic fertilizer. • Install Rainguards in Rubber fields. • The Company strives to produce high quality Tea and Rubber products whilst maintaining internationally accepted certifications to retain competitive positioning in the market.
		H	M	H	H	M	H	H	L	H	
		L	L	L	L	M	M	H	H	H	
		L	L	L	L	M	M	H	H	H	
Transition Risk, Changing buyer requirements	<p>Growing consumer demand for sustainable products may necessitate changes in production practices and certification requirements.</p>	L	L	L	M	M	M	H	H	H	<ul style="list-style-type: none"> • Ensure compliance with international standards for sustainability and ethical sourcing. • Proactively analyse global trends and demand and incorporate them into strategic objectives.

Climate-Related Opportunities

Opportunity	Description	Response Strategy
Renewable Energy Integration	Shifting to renewable energy sources like solar power can reduce reliance on fossil fuels and improve short-term sustainability performance.	<ul style="list-style-type: none"> • Generate 1,000 Mwh renewable energy annually, • Install Rooftop solar panels in Rubber Factories,
Carbon Sequestration	Planting trees or adopting regenerative agriculture practices can improve carbon capture and soil fertility, potentially attracting carbon credits or eco-premiums.	<ul style="list-style-type: none"> • Convert all Tea Factories in to Carbon-Neutral. • Increase the conservation extent by 10% (out of total extent of HPL) by 2030.

FUNCTIONAL TRANSMISSION

We present an overview of the streamlined processes in our portfolio of plantations with special care taken towards empowering communities and preserving the ecosystem.



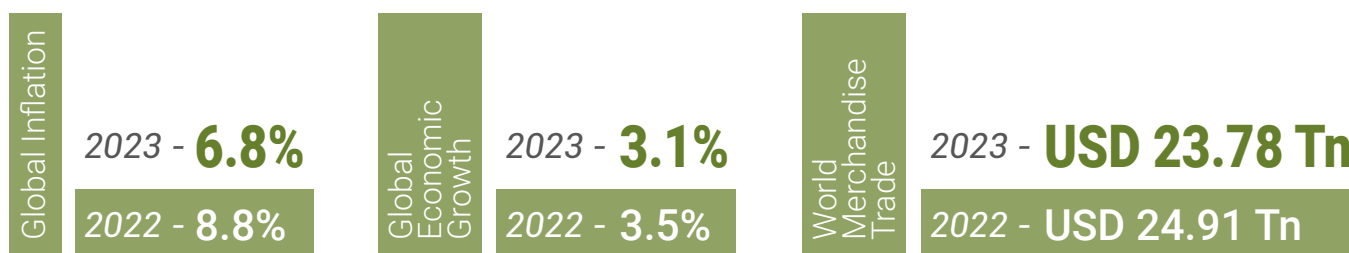
REVIEW OF OPERATIONS

82 Operating Environment | 92 Financial Capital | 106 Manufactured Capital | 112 Intellectual Capital
120 Human Capital | 142 Social and Relationship Capital
160 Natural Capital

OPERATING ENVIRONMENT

GLOBAL ECONOMY

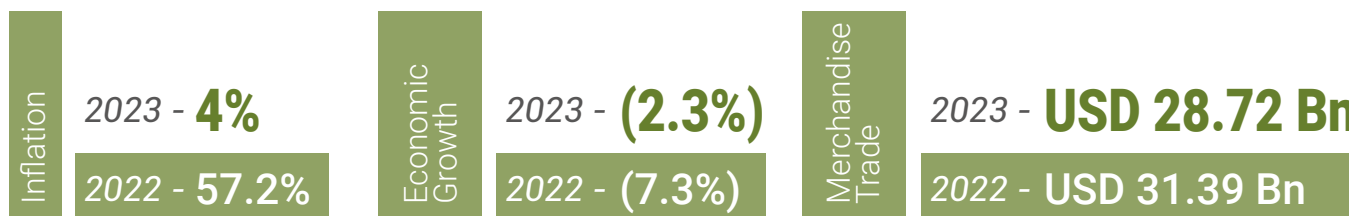
Global economic growth is estimated to have slowed down from 3.5% in 2022 to 3.1% in 2023, according to the IMF's World Economic Outlook (WEO) report of January 2024. Among other developments, global economic activities were negatively affected by the ongoing Russian-Ukraine war, as well as the conflict in Gaza and trade disruptions along the Red Sea. Ceylon Tea exports were also impacted as the Middle East and Russia are major buyers of Ceylon Tea and commodity markets continued to experience price fluctuations. Under the current geo-political conditions, global economic growth is projected to remain around 3.1% in 2024 and expected to improve marginally to 3.2% in 2025.



Source: IMF's World Economic Outlook/ WTO- World Trade Organization

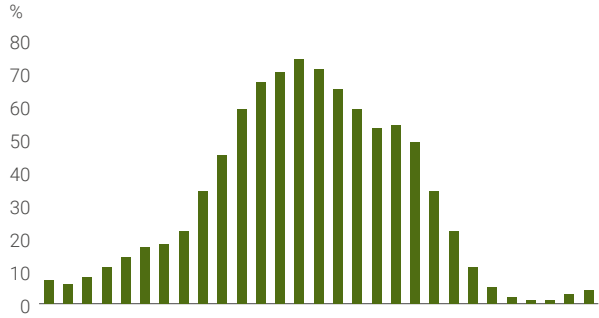
THE SRI LANKAN ECONOMY

The Sri Lankan economy indicated signs of improvement in 2023. While the economy continued to record negative growth, the rate of economic contraction reduced by end 2023 to negative 2.3%, from negative 7.3% as at 2022. In addition, all key economic indicators improved by end 2023 compared to 2022. The CCPI year-on-year headline inflation reduced to 4.0% from 57.2% and lending and deposit rates continued to decline. The Sri Lanka rupee, which depreciated by 44.8% against the US dollar in 2022, appreciated by 12.1% in 2023.

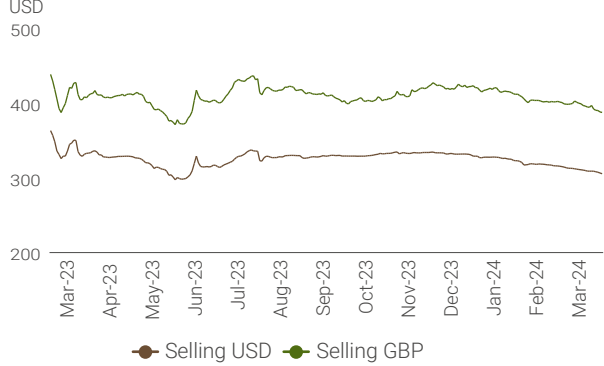


Source: Central Bank of Sri Lanka

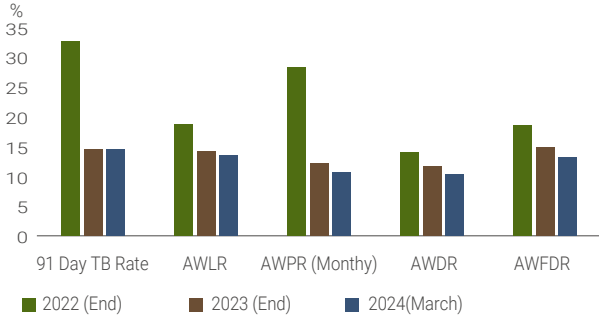
INFLATION: NCPI



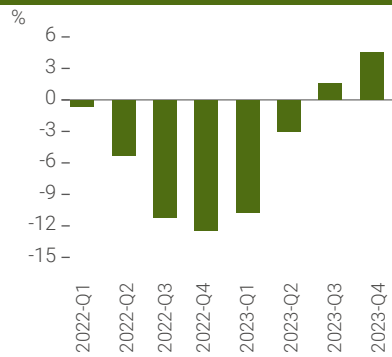
EXCHANGE RATE



MARKET INTEREST RATES



GDP Growth

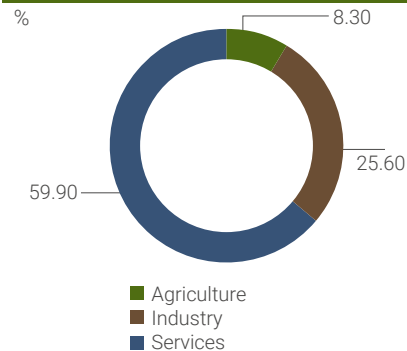


Source: Central Bank of Sri Lanka

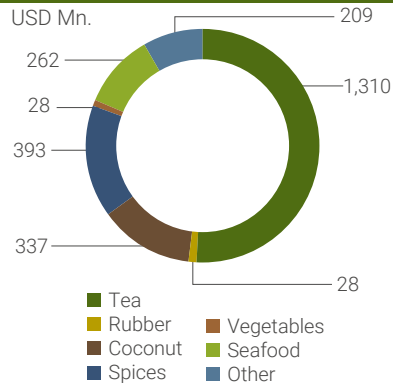
AGRICULTURE SECTOR

Agricultural activities recovered with a 2.6% year-on-year growth in 2023, from the 4.2% contraction of 2022. This was mainly driven by availability of fertilizer, other agrochemical inputs and fuel. Rice, Fruits, Vegetables, and Fishing were the main contributors to growth, while Tea, Rubber and Coconut outputs contracted by 1.5%, 7.7%, and 3.6% respectively, largely due to the adverse impact of weather anomalies.

SHARE OF GDP



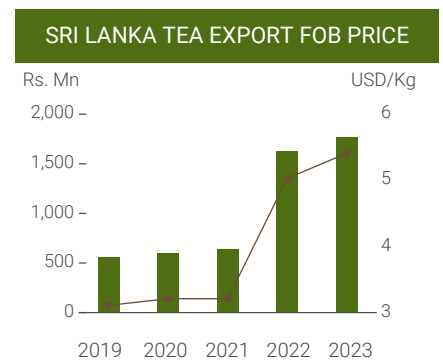
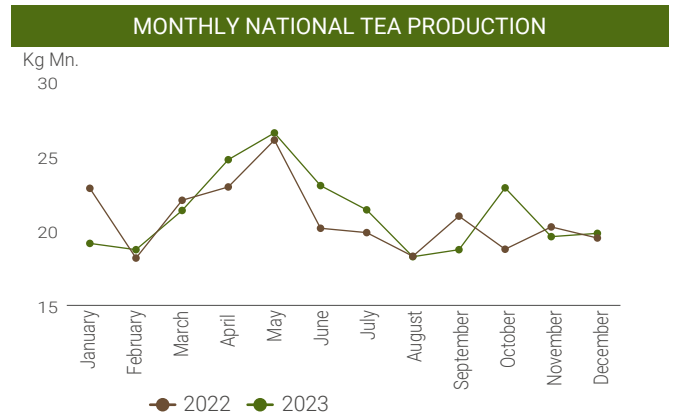
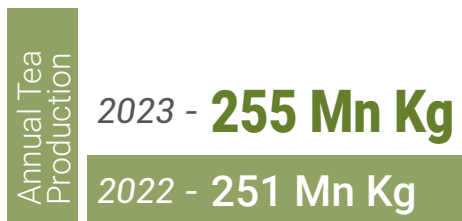
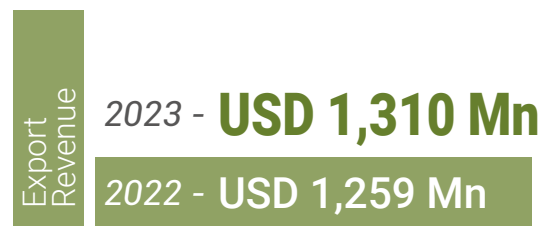
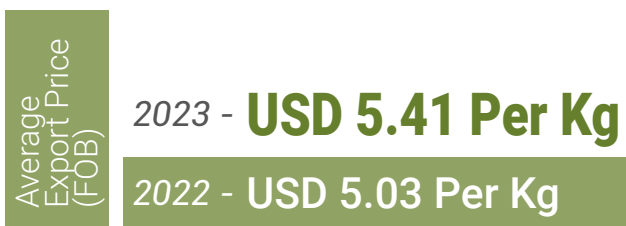
AGRICULTURAL EXPORTS



OPERATING ENVIRONMENT

TEA INDUSTRY

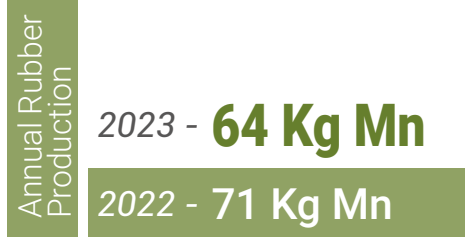
Earnings from Tea exports increased in 2023, reflecting higher export prices as well as increase in export volumes. The total volume of Tea produced in the country in 2023 increased to 256 Mn Kgs from 251 Mn Kgs in 2022. Export value of Tea on the other hand came to US\$ 1,310 Mn compared to US\$ 1,259 Mn in 2022. The main export bloc for Ceylon Tea remained with the Middle East, but exports declined from 114 Mn kgs in 2022 to 111 Mn Kgs. CIS countries were the next major export bloc, where exports again declined from 41 Mn Kgs, to 36 Mn Kgs in 2023.



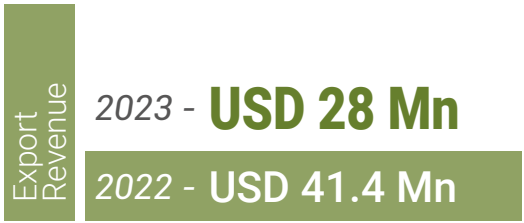
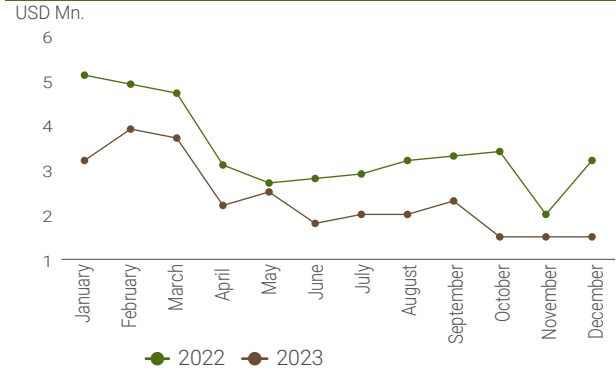
Source: Sri Lanka Tea Board
 Source: Central Bank of Sri Lanka

RUBBER INDUSTRY

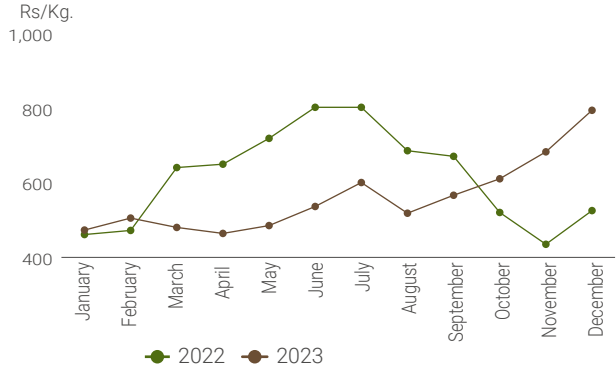
Sri Lanka's natural Rubber production declined year-on-year, from 70.9 million kgs in 2022, to 64.4 million kgs due to the erratic weather patterns and the highest ever rainfall on record in the Rubber growing regions aggravated the pestalotiopsis disease. Rubber exports also declined in 2023, with total exports valued at US\$ 28 million, compared to US\$ 41 million in 2022, with exports to the EU declining to US\$ 5.5 million in 2023 from 8.5 million in 2022.



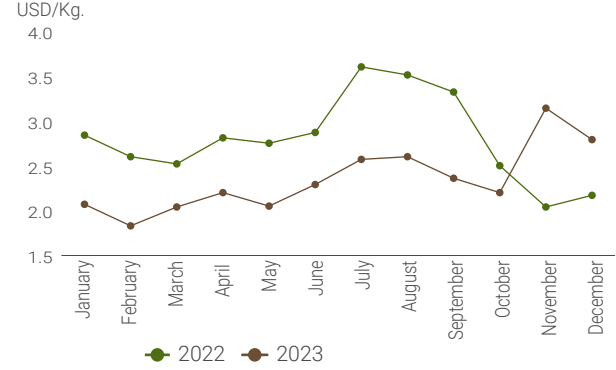
SRI LANKA MONTHLY RUBBER EXPORT REVENUE



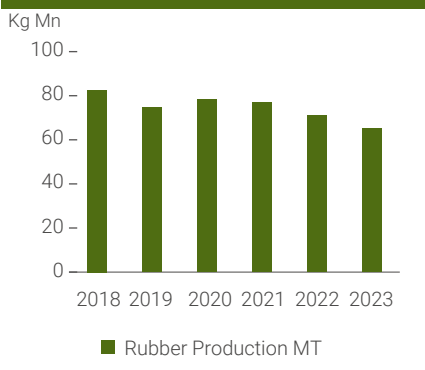
NATIONAL RUBBER PRICE MOVEMENT : RSS1



RUBBER EXPORT FOB PRICE MOVEMENT



NATIONAL RUBBER PRODUCTION



Source: Central Bank of Sri Lanka

OPERATING ENVIRONMENT

OIL PALM (COMPANY)

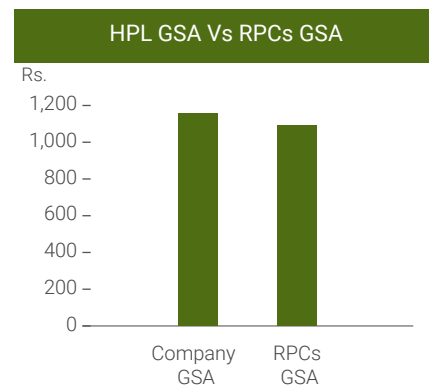
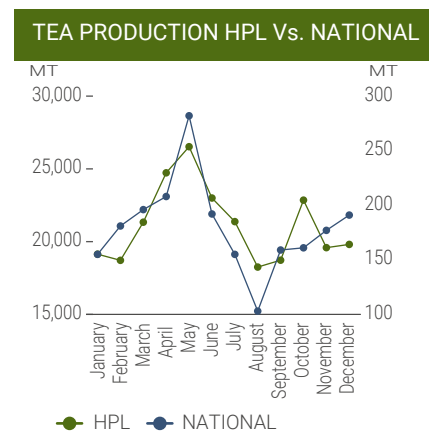
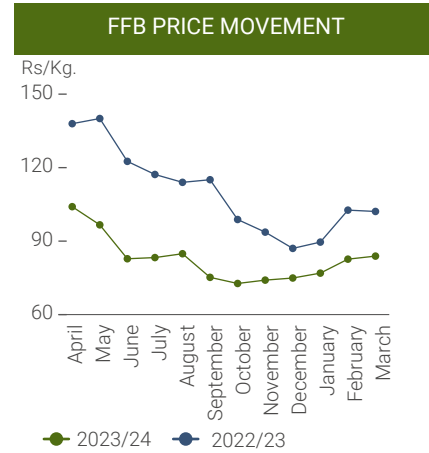
The production of Oil Palm saw an 18% rise compared to the previous year. However, the lifting of import restrictions on edible oils led to reduced demand for locally produced Palm Oil. Consequently, the price of HPLs FFB dropped by 23%.

HPL VS INDUSTRY PERFORMANCE 2023

We have continued to command higher prices for almost all our agricultural produce against the national average.

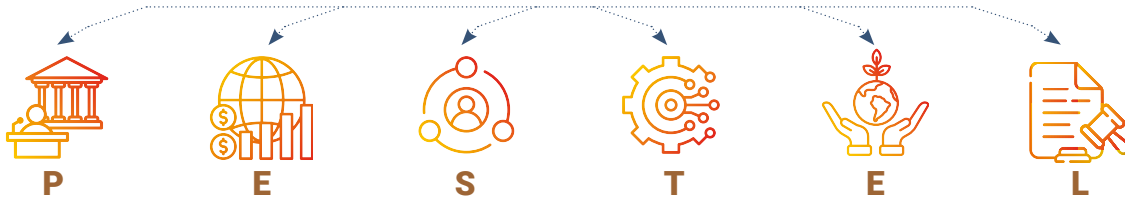
OUTLOOK

The Central Bank expects the rate of inflation to remain below the target of 5% in 2024, which will contain the cost of living. Sri Lanka is also likely to benefit from tourism and continued workers' remittances alleviating pressure on foreign exchange availability. The Government is committed to continue fiscal consolidation in line with the IMF-EFF supported program, which will attract further foreign financing assistance from multilateral agencies such as the IMF, Asian Development Bank (ADB), and the World Bank, along with the envisaged resumption of bilateral funding. Market interest rates, particularly lending interest rates, are expected to normalise further, supporting recovery and growth of businesses. Therefore, Sri Lanka's economic outlook for 2024 is positive with anticipated continued economic recovery in 2024.



PESTEL ANALYSIS

The company conducted a comprehensive analysis to evaluate key external macro-environmental factors impacting the industry and our organization. By identifying potential threats and opportunities, we adapted our strategies and decision-making processes to gain competitive advantages. Utilizing the PESTEL analysis framework, a clear understanding of the critical factors is depicted.



POLITICAL

Government Policies

- Changes in Tax Policies
- Establish an investment Friendly environment in the Renewable Energy Sector

Political Stability

The Sri Lankan economy is stabilising despite major challenges that remain. Foreign exchange liquidity pressures eased, with usable foreign rising. The first review by the IMF Board rated 'Sri Lanka's performance as satisfactory.

Trade Restrictions

The government decided to relax certain import restrictions to mitigate the adverse impacts on the economy.

FACTORS AFFECTED

THREATS

- Elimination of the VAT exemption for Tea and Rubber had indirect negative impact on market demand.
- Disruptions to supply chains.
- Labor costs increased reflecting the higher cost of living.

OPPORTUNITIES

- New opportunities to invest in renewable energy sector with confidence.
- Opportunity to invest in tourism activities.
- Reduced fertilizer, chemical & packing material cost with removing import restriction.
- Increased availability of machinery and essential equipment of the operation.

STRATEGIC RESPONSE & DECISION MAKING

- Increased investment in renewable energy.
- Uninterrupted replanting despite economic difficulties, enabled sustained high quality and higher yields.
- Diversification of operations & Products.
- Registered under SVAT and increased SVAT purchases and Sales to minimized the impact of VAT change.
- Investment in Holiday Bungalow & Establishment of Tea Experience Centre to attract tourism.

OPERATING ENVIRONMENT

ECONOMIC

FACTORS AFFECTED

Decline of Interest Rates
Rupee Appreciation
High Freight Rates
Relief Imports Restrictions
Decline of Inflation
Tax Changes
Conflicts in Ukraine and the Gaza Region

THREATS

- The Russian-Ukraine war, alongside the conflicts in the Gaza region and Red Sea shipping route, has disrupted commodity markets and international trade, leading to a rise in freight rates.
- The appreciation of the Sri Lankan rupee made Ceylon Tea less competitive against other lower cost Tea producers.
- New VAT policy for Tea and Rubber has negatively impacted buyers' Purchasing Power.

OPPORTUNITIES

- The decline in interest rates has led to a reduction in the cost of financing.
- Strengthening of the rupee & Relief imports restriction has resulted in lower costs for Input Materials and Machinery Spare Parts.

STRATEGIC RESPONSE & DECISION MAKING

- Developed the market
- Engage in negotiations with banks to reduce interest premiums applied to current loans.
- Expansion of investment in diversified crops.
- Continued development in Value Added portfolio to facilitate growth in direct exports segment.

SOCIAL

Demographic Changes

- Old Aging Workforce
- Declining Population in Plantations
 - Gender Dynamics
 - Migration of workers
- Economic Diversification of workers
 - Worker Shortages

Consumer Behavior Changes

- Health Consciousness
- Sustainability and Ethical Consumption
 - Flavor and Variety
- Cultural and Social Influences

FACTORS AFFECTED

THREATS

- Estates continued to experience high levels of worker outmigration.
- Trained and experienced employees continued to leave for employment overseas.
- High number of old age workers in the carder, with fewer younger aged individuals entering into the plantation sector.
- There is an improvement in the education and skill levels of the plantation population. This is leading to a shift in aspirations away from traditional plantation work.

OPPORTUNITIES

- Consumers are increasingly looking for Tea products that offer health benefits, such as antioxidant properties, weight loss, and stress relief.
- There is a growing preference for organic and naturally sourced Teas, free from pesticides and synthetic additives.
- Consumers are more concerned about Environmental Sustainability and prefer Tea products that use eco-friendly packaging and sustainable farming practices.
- There is a higher demand for Teas that are certified as Fair Trade, ensuring that workers are paid fairly.
- Consumers are increasingly interested in trying new and Exotic Tea flavors.

STRATEGIC RESPONSE & DECISION MAKING

- Providing education and training programs to enhance the skills of the current workforce and attract new talent.
- Conducted capacity-building programs.
- Increasing mechanization to counteract labour shortages and improve productivity.
- Introduced machine harvesting methods.
- Increased Value-Added Tea Production with new flavors.
- Expand the Fair-Trade Certifications.
- Encourage Carbon Neutral Tea production

OPERATING ENVIRONMENT

TECHNOLOGICAL

FACTORS AFFECTED

- Global Technological Advancements
 - Robotic Harvesters
 - Renewable Energy
 - Online Marketplaces
- Protecting Data and Systems
- Cybersecurity and Data Protection

THREATS

- Disruption from Technological Failures.
- Lack of Skilled Workforce.
- Increased training cost.
- Technology Mismanagement.
- Cybersecurity Risks.
- Dependency on Technology Providers.
- Internet connection frailer.

OPPORTUNITIES

- Enhanced Productivity and Efficiency with Adoption of Mechanical Harvesting and Automated Processing Equipment.
- New market Access and Expansion.
- Cost Reduction and Operational Efficiency with Automated Processing and Remote Sensing and Monitoring.

STRATEGIC RESPONSE & DECISION MAKING

- Investing in Solar to reduce operational costs and Carbon Footprints.
- Update the Company official website to attract varies Stakeholders.
- Incorporating Modern Technology solutions into the traditional cultivation and manufacturing system.
- Implemented Automated Temperature control system and automated weighing systems.
- Internet of Things (IoT) for Rubber Estates.
- Introduced Cloud technology for Tea Factories.

ENVIRONMENTAL

<p>Physical Risk</p> <ul style="list-style-type: none"> - Climate Variability and Extreme Weather - Soil Degradation - Loss of Biodiversity - Loss of Water Resources - Diseases 	<p>Energy Consumption</p> <ul style="list-style-type: none"> - Cost of reducing emissions - Sustainability of Low Carbon Technologies 	<p>Compliance</p> <ul style="list-style-type: none"> - Increased Environmental Laws and Regulations - Increased Health and Safety Regulations. - Labor Laws and Social Standards 	<p>FACTORS AFFECTED</p>
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THREATS

- Rubber production declined significantly due to excessive rains in 2023-24.
- Tea outputs and bushes were negatively impacted by weather variations.

OPPORTUNITIES

- Expand Renewable Energy portfolio.
- Lead to produce Carbon Neutral Tea to the market.
- Improve Air Quality and ultimately mitigate Climate Change.
- Reduced health issues among estate community.
- Enhanced reputation.

STRATEGIC RESPONSE & DECISION MAKING

- Declaring regenerated forest as a conservation area saving Biodiversity.
- Two estates offset their organization level GHG emissions and produces Carbon Neutral Tea.
- We launched the Reforestation project "REGROW."
- We are committed to achieving internal environmental management targets towards becoming Carbon Neutral by 2030.
- Investment in Renewable Energy.
- We commenced Bio Char and Compost project to minimise the Soil Degradation.

LEGAL

<ul style="list-style-type: none"> -Land encroachment remains a critical legal and operational challenge. -Legal matters regarding wage escalation of estate workers. 	<p>FACTORS AFFECTED</p>
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THREATS

- Increased cost of legal charges
- Reputation Risk

OPPORTUNITIES

- Opportunity to shift productivity-based wage model.

STRATEGIC RESPONSE & DECISION MAKING

- Review the scenario for new opportunity.
- Discussed the mechanization of agricultural tasks.

FINANCIAL CAPITAL

HPL's financial health continued to improve in the financial year 2023/24 as a result of sustained profitability, which strengthened the Company's financial position.

It is also noteworthy that although profitability declined compared to the previous financial year, HPL has maintained its capital investments and good agricultural practices, as well as investments in Research and Development. These efforts will directly contribute to sustaining growth in the future.

Profit from Operations

Rs. **461** Mn

Net Assets

Rs. **880** Mn

Dividend Paid

Rs. **66** Mn



International commitments United Nations'
Sustainable Development Goals

FINANCIAL GOVERNANCE

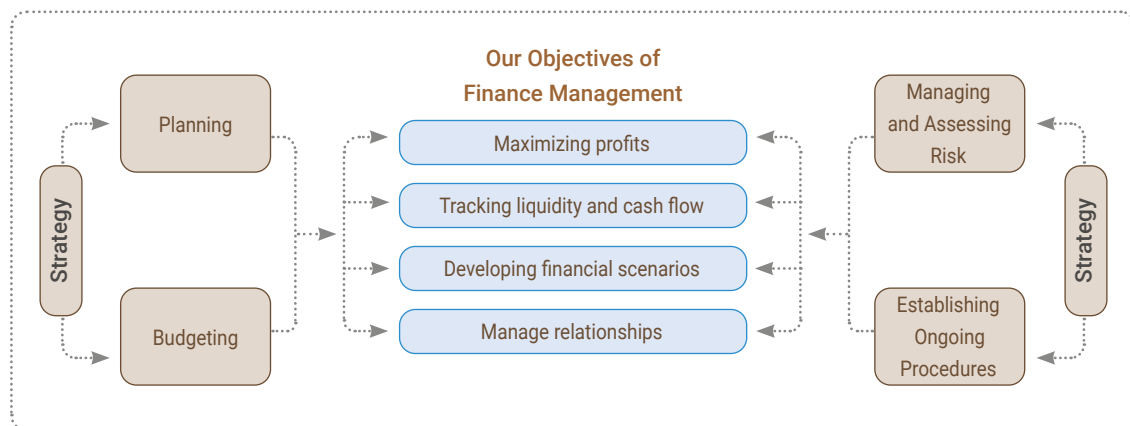
The Financial Statements of the Company are prepared and presented in compliance with all applicable laws, regulations and guidelines. The material accounting policies used in the preparation of the Financial Statements are deemed appropriate and have been consistently applied by the Company. Significant accounting estimates that involved a high degree of judgment and complexity were reviewed by the Audit Committee and External Auditors.

EFFECTIVE MANAGEMENT OF FINANCIAL CAPITAL

Proper Financial Capital Management is crucial for the survival, growth, and achievement of financial goals in a business. It entails meticulous planning, organizing, controlling, and monitoring of financial resources to meet our business targets.



HPL's Strategy and Objectives of Finance Management,



FINANCIAL CAPITAL

DEVELOPED A CLEAR BUSINESS PLAN

The business plan outlines HPL's current status and its goals for the next five years. It is comprehensive, covering every facet of the business, such as operations, marketing, finance, human resources, and varied operational procedures. Additionally, it provides strategic guidance to the HPL finance team on actions and targets necessary to achieve the set financial objectives.

EFFECTIVELY MONITORING THE FINANCIAL POSITION

We regularly monitor our business progress by tracking bank balances, sales volumes, and inventory levels. The Finance, Marketing, and Purchasing Departments collaborate closely to assess funding needs and establish priorities.

CAPITAL STRUCTURE AND WORKING CAPITAL MANAGEMENT

We uphold positive and trusting relationships with Tea brokers and buyers. To monitor the collection of sales proceeds, we have an effective debtor management system in place. Our inventory controls are efficient, ensuring the right amount of inventory is available in the appropriate estate at the right time across all estates. This approach prevents unnecessary capital tie-up and ensures the smooth operation of our supply chain.

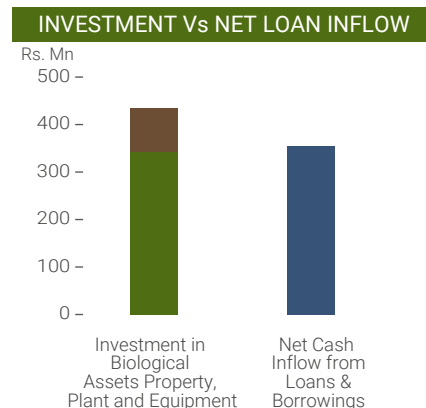
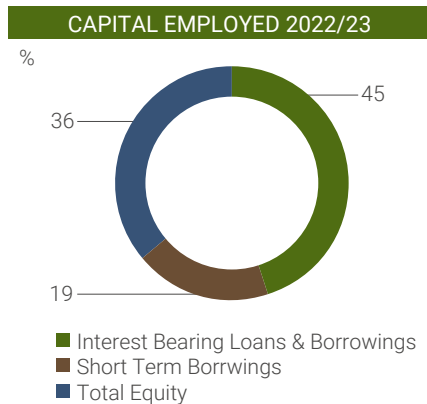
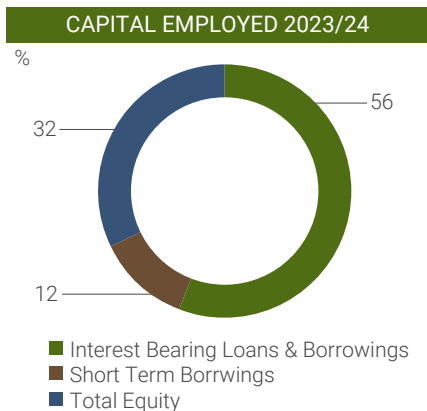
GET THE RIGHT FUNDING

We managed the overdraft facility and loan portfolio effectively, to minimise the interest cost by utilising low interest sources and negotiations with fixed interest funding in a way that benefits the Company.

STRENGTHENING OUR CAPITAL BASE

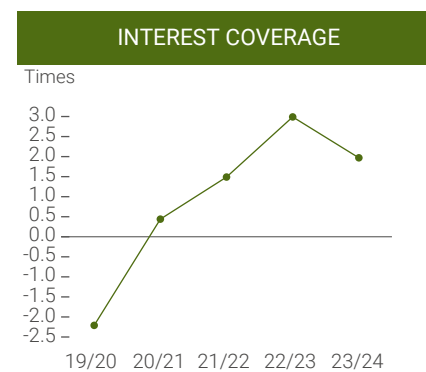
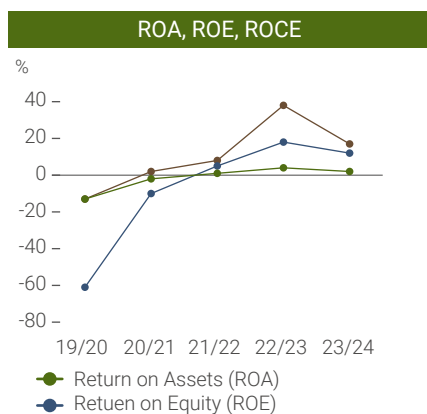
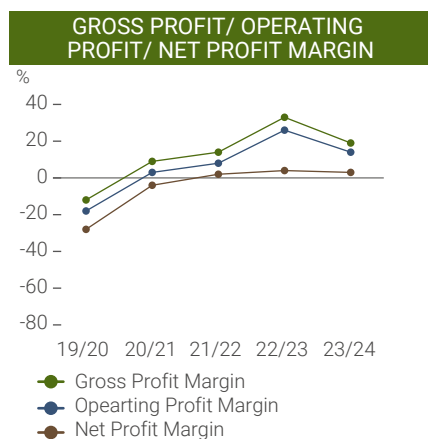
Managing the risks associated with our debts remained a priority throughout the year as we focused on rebalancing our debt portfolio through negotiations for more favourable interest rates. Despite increases in both interest-bearing and short-term borrowings as at March 31, 2024, we have strategically enhanced our asset base by investing in replanting, leveraging lower debt interest rates. We anticipate robust future viability and sustained profitability growth.

Capital Structure	2023/24 Rs.Mn	Capital Employed %	2022/23 Rs.Mn	Capital Employed %
Interest bearing Loans & Borrowings	1,546	56	1,191	45
Short Term Borrowings	324	12	497	19
Total Equity	880	32	930	36
	2,750	100	2,618	100



KEY FINANCIAL INDICATORS

Throughout the year, we maintained stringent controls over costs and cash flows to minimize the impacts of macroeconomic volatility on the bottom line, including rising costs and revenue fluctuations due to commodity market dynamics. All capital investments were carefully selected to enhance efficiencies and cost savings, ensuring positive returns into the future. This prudent financial strategy has strengthened the Company's financial health.



EMPLOYEE PRODUCTIVITY

As a highly labor intensive industry, employee productivity is a key driver of profitability and competitiveness. During the year our employee productivity indicators have continued.

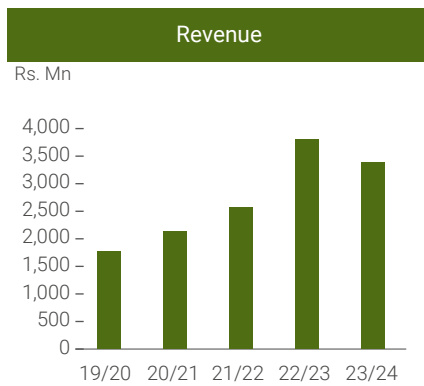
Capital Structure	2023/24	2022/23	2021/22	2020/21
Number of Employees	3,455	3,434	4,186	4,895
Remuneration/Employee (Rs.)	0.38Mn	0.36Mn	0.28Mn	0.24Mn
Revenue/Employee (Rs.)	0.98Mn	1.10Mn	0.61Mn	0.43 Mn
Net Profit/Employee (Rs.)	0.03Mn	0.05Mn	0.01Mn	(0.01Mn)

FINANCIAL CAPITAL

PROFIT OR LOSS

Revenue

HPL's total revenue reached Rs 3,386 Mn from Rs 3,794 Mn in the previous financial year. The rate of revenue growth, which was 48% in the previous year, declined to 11% in the current year due to lower revenues across most sectors during the financial year 2023/24.



Segmental Revenue

Tea remained the largest contributor to total revenue, accounting for 76% of revenue. Although Tea outputs increased by 7% year on year, total revenues from Tea declined by 12% compared to the previous year due to lower NSA. The National Average price for Western High Grown Tea declined from Rs. 1,151 per kg to Rs. 1,142 per kg, while the National average price for Low Grown Tea declined from Rs. 1,379 per kg to Rs. 1,278 per kg. However, HPL commanded above-average prices in high grown at Rs. 1,154 per kg.

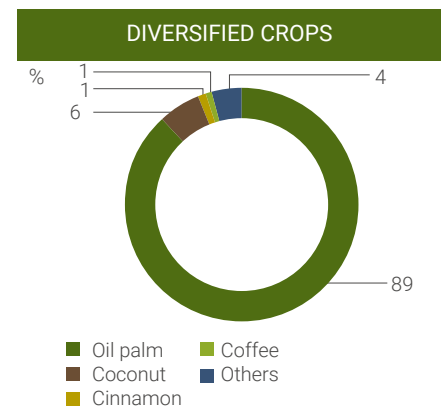
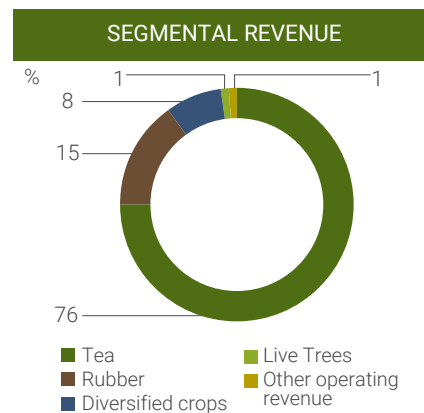
Revenue from natural rubber declined by 25% year on year as extreme weather and black spot disease caused yields to decline drastically.

HPL's diversified crops portfolio currently comprises Coconut, Cinnamon, Coffee and Ancillary Crops, which achieved a

combined revenue of Rs. 29 Mn. The majority of the diversified crops are yet in immature state.

Revenue which is derived from sale of Oil Palm decreased by 10% in the current financial year due to lower FFB prices.

Capital Structure	2023/24	2022/23	Change %
	Rs. Mn	Rs. Mn	
Tea Sector	2,557	2,912	-12
Rubber Sector	513	558	-8
Diversified crops	261	279	-7
Live Trees	28	20	38
Other Operating Revenue	27	25	9
	3,386	3,794	-11



Value Added Products

Value addition is a key aspect of our growth strategy and we have continued to expand. The total revenue from value-added products increased by 59% against the previous year and represented 0.16% of total revenue.

Gross Profit

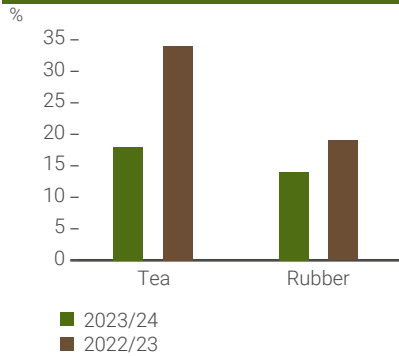
The growth rate of the gross profit declined against the previous year's record growth rate of 233%. The gross profit decreased from Rs. 1,235 Mn to Rs 653 Mn which is a year-on-year decline of 47%.

The contribution to gross profit from Tea was Rs. 461 Mn, while Rubber contributed

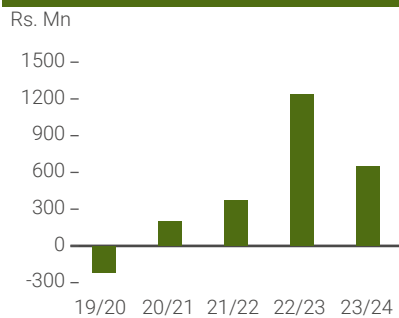
Rs. 74 Mn, and Oil Palm accounted for Rs. 115 Mn. The sustained growth in gross profit was mainly due to higher outputs of Tea and ongoing cost management initiatives to control variable costs that included:

- Use of renewable energy to containing the energy costs that continued to increase.
- Use of firewood sources from estates.
- Improved vehicle running efficiency using a GPS tracker system.
- Fuel efficiency system for vehicles used by Supervisors.
- Reduced labor costs due to the mechanized harvesting.

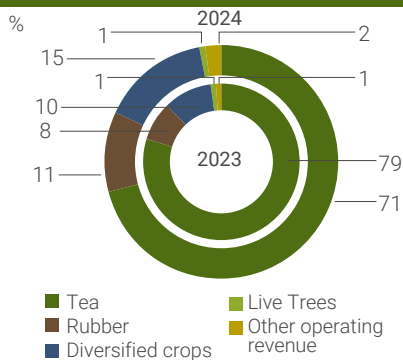
GROSS PROFIT MARGIN COMPARISON



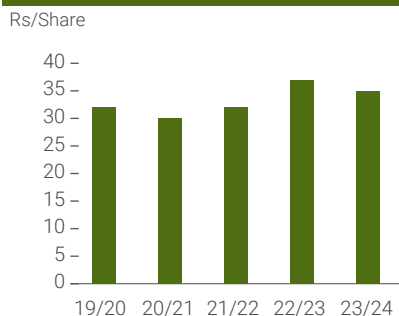
5 YEARS GROSS PROFIT VALUE ANALYSIS



GROSS PROFIT COMPOSITION



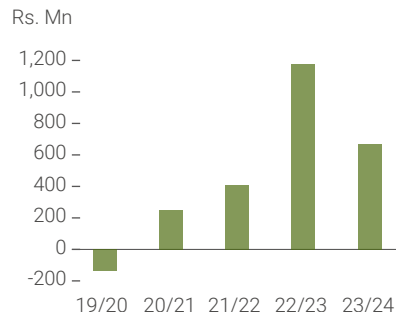
NET ASSETS PER SHARE



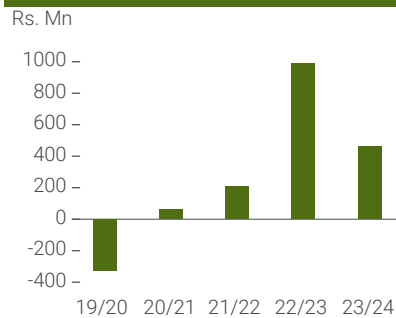
Profit from Operations

The Operating Profit margin decreased to 14% from the previous year's margin of 26%. The Operating Profit decreased by 53% to Rs. 461 Mn from Rs. 987 Mn compared to the 373 % increase in the previous year.

EBITDA



PROFIT FROM OPERATIONS



Profit for the year

Reflecting overall lower Revenues and increasing costs, profit growth moderated in the current financial year compared to the large increase in the previous year. The Profit Before Tax decreased by 66%, to Rs. 226 Mn, compared to the 862% increase in the last year. The lower interest rates on average for the current financial year, supported positively for this growth. The Net Finance Expenses for the year was Rs. 235 Mn compared to Rs. 329 Mn, in the previous year.

The company recorded a Net Profit of Rs. 105 Mn for the financial year 2023/24, compared to the Rs. 170 Mn of 2022/23.

Taxes

HPL's total tax expenses decreased by 75% to Rs. 122 Mn in the current financial year mainly due to the decrease in deferred tax charge.

FINANCIAL POSITION

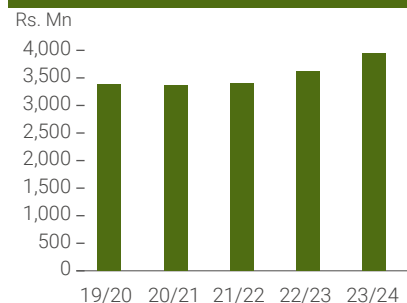
Assets and Liabilities

The Company's total asset base grew by 8% reaching Rs. 4,700 Mn in value. This growth was driven by increasing investment in replanting Tea, Rubber, Coconuts and Diversified crops.

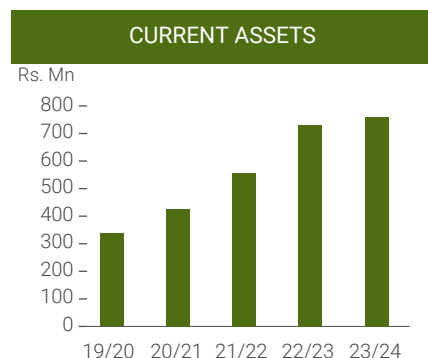
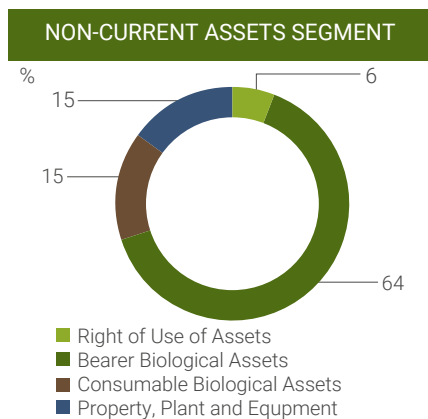
The current assets increased by 4 % to Rs.761 Mn which was mainly made up of Inventories and Cash and Cash Equivalents.

The total equity decreased by 5 % to Rs. 880 Mn from Rs. 930 Mn, while total liabilities increased by 12% to Rs. 3,820 Mn from Rs. 3,425 Mn, which is mainly made up of Interest bearing loans & borrowings, lease liability and retirement benefit obligations.

NON-CURRENT ASSETS



FINANCIAL CAPITAL



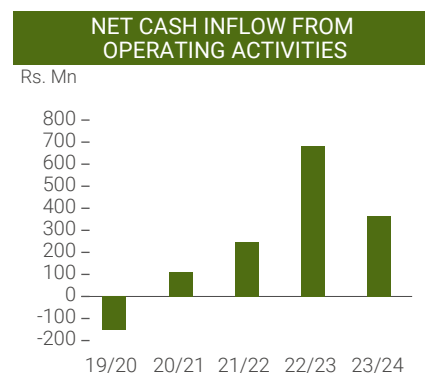
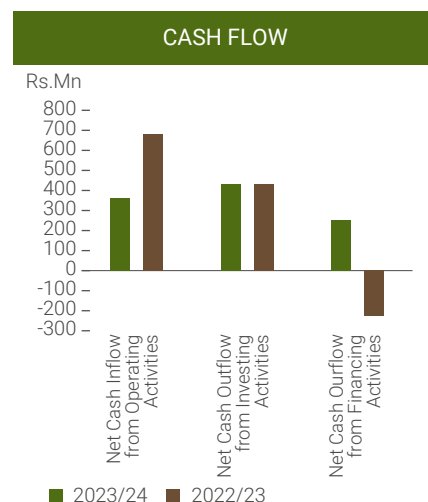
Loans and Borrowings

The Company's borrowings consist of interest bearing loans and borrowings, and short term borrowings including bank overdrafts. As at the end of the financial year 2023/24, the total loans and borrowings increased by 11% against the previous year, due to a new loan facility received for the replanting program.

Cash Flows

HPL's net cash inflow from operating activities decreased to Rs. 363 Mn, while the net cash outflow from investing activities was Rs. 430 Mn and the net cash inflow from financing activities was Rs. 250 Mn respectively. Cash and cash equivalents increased by 26% to Rs. 47 Mn and the utilization of bank overdraft facilities decreased by 35% to Rs. 324 Mn as at reporting date.

Cash Inflows	2023/24 Rs. Mn	2022/23 Rs. Mn	Change Rs. Mn	Change
Net Cash Inflow from Operating Activities	363	682	(318.65)	(47%)
Net Cash Outflow from Investing Activities	430.24	430.11	(0.13)	(0.03%)
Net Cash Inflow/(Outflow) from Financing Activities	251	(227)	477.71	210%



OUR ECONOMIC CONTRIBUTIONS

3-3 Management of Material Topics

GRI 201: Economic Performance 2016



13.2 Climate adaptation and resilience

13.22 Economic inclusion

<p>13.22.1 Describe actions taken to support the economic inclusion of farmers and fishers, and their communities (e.g., direct support through investments, partnerships, or training) and the effectiveness of these actions (e.g., increased yields or productivity, number of farmers or fishers reached, percentage of products sourced from small producers).</p>	<ul style="list-style-type: none"> • The company provides land to external farmers for cultivating seasonal crops like pineapple. This initiative aims to support the farmers and, since HPL is GAP certified for pineapple cultivation, the external farmers also benefit from this certification. • The company provide vegetable seeds free of charge to the Estate farmers. • The company collaborates with NGOs that offer livestock subsidies, extending these benefits to small livestock farmers on the estate. • The company purchases green leaf from smallholders and its prices are based on the average GSA of the estates for the purchased leaf suppliers. HPL GSA is the third highest price in the RPC ranking, which consequently benefits the external green leaf suppliers.
<p>a. Impacts</p>	<p>We have contributed towards economic recovery and growth through our uninterrupted business activities that have contributed to commodity markets, export revenues, the incomes of our suppliers and the economic welfare of our employees, particularly women.</p>
<p>b. Negative impacts</p>	<p>We invest in sustainable agricultural practices to control potential negative environmental impacts. Please refer the Natural Capital chapter for details. However, we did experience negative impacts due to extreme weather & disease.</p>
<p>c. Policies /commitments</p>	<ul style="list-style-type: none"> • Please refer Strategies and Policies chapter.
<p>d. Actions to manage impacts including remediation:</p>	<p>Actions to prevent or mitigate potential negative impacts include:</p> <ul style="list-style-type: none"> • Sustainable agricultural practices • Equal employment opportunities • Grievance management systems • Reporting and monitoring mechanisms <p>We have established supplier chain and supplier management systems, and a customer complaints management system for remediation of any negative impacts. Environmental regulatory parameters are monitored regularly to prevent negative environmental impacts. In addition:</p> <ul style="list-style-type: none"> • We conduct regular reviews of operations • Regular supplier reviews • Regular environmental audits • Compliance with environmental and social accreditations

FINANCIAL CAPITAL

<p>e. Processes to track the effectiveness of the actions;</p>	<p>We conduct regular internal audits as well as annual independent external audits by accreditation bodies to measure social and environmental impacts and external financial audits to measure economic impacts of our operations.</p> <p>Our goals are:</p> <ol style="list-style-type: none"> 1. Be No. 01 in the national Gross Sales Average (GSA) ranking for tea Indicator – we review the monthly GSA ranking of the company 2. Attract foreign buyers to enter the export market and increase our foreign currency earnings. Indicator – Number of new markets reached <p>The effectiveness of our actions can be seen in that</p> <ul style="list-style-type: none"> • HPL is among the top 03 in the national GSA the ranking indicating the quality of our tea. • HPL rubber has maintained its high quality standards
<p>iv. Incorporating lessons learned</p>	<p>By evaluating buyers' expectations, we identify new quality aspects expected by buyers and incorporate these buyer requirements into the Company's best practices.</p>
<p>f. How engagement with stakeholders has informed the actions taken</p>	<ul style="list-style-type: none"> • Employees are included into our economic decision making through the collective agreement which sets estate staff salaries and other employee benefits. • Regular communications are maintained with suppliers and customers/buyers to meet their requirements

13.22 Economic inclusion

GRI 201-1 Direct Economic Value Generated and Distributed

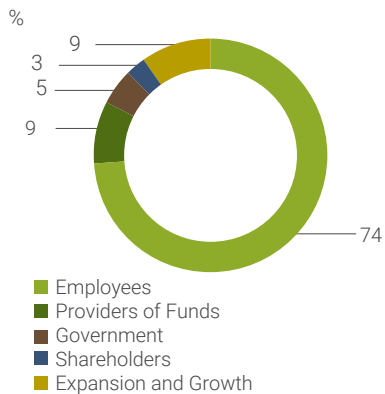
The main beneficiaries of the economic value created through our business activities during the 12 months under review were employees, who benefited in the form of Salaries and Other Benefits, accounting for 74% of total value creation, compared to 59% in the previous financial year. Our contribution to government was 5% and 8% was paid to providers of funds. Our contribution to shareholders was 3%. We invested 10% towards Company expansion and growth.

Direct economic value generated and distributed (EVG&D) on an accrual basis.

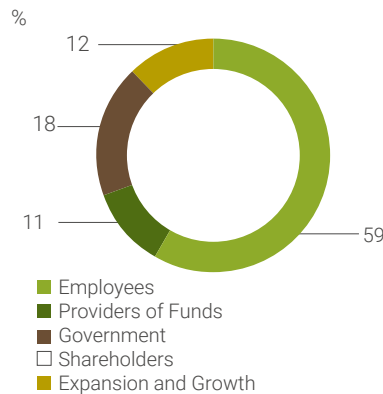
Value Added Statement

For the year ended 31st March	2023/24		2023/2022	
	Rs'000	%	Rs'000	%
Revenue	3,385,735		3,794,035	
Other Income	42,223		3,405	
	3,427,958		3,797,440	
Cost of Materials and Services obtained	(1,072,432)		(1,097,437)	
Value Addition	2,355,525		2,700,003	
Distribution of Value Addition:-				
To Employees				
Salaries and Other Benefits	1,745,028	74	1,576,049	59
To Providers of Funds				
Interest Cost	201,975	8	305,792	11
To Government				
Income Tax	84,344		471,503	
Lease Interest	32,645		23,626	
	116,989	5	495,129	18
To Shareholders				
Dividends to Shareholders	66,250	3	-	-
To Expansion and Growth				
Profit Earned	16,693		133,830	
Depreciation	208,590		189,203	
	225,283	10	323,033	12
	2,355,525	100	2,700,003	100

Distribution of Value Addition
2023/2024



Distribution of Value Addition
2022/2023



FINANCIAL CAPITAL

13.2 Climate adaptation and resilience

GRI 201-2 Financial implications and other Risks and Opportunities due to Climate Change

a. Risks and opportunities from climate change	HPL identifies climate change as a strategic risk which directly impacts the Company's operations and financial sustainability.
i. Impact of the risk	<p>Unpredictable weather conditions directly impact activities such as harvesting, planting and transportation. As a result, quality of the products and production volumes may fluctuate according to climatic changes.</p> <p>During the current financial year, our natural rubber yields were significantly reduced due to excessive rains. The current financial year experienced around 6843mm of rain compared to the previous 6 year average range of around 5130 mm. This extreme wet weather (298 Wet Days) caused the lowest tapping days in this year.</p> <p>Our tea cultivations also experienced excess rains and dry weather during the year, which made timely tea production and tea plucking difficult.</p>
ii. Financial implications of the risk or opportunity before action is taken;	<p>If we do not take any action, there will be a significant drop in production volume and product quality. As a result of that, we will be unable to achieve our targeted revenue (Low NSA due to poor quality).</p> <p>Cost of production will also increase as there are no economies of scale. Therefore, gross profit margins will decrease, and it will finally reduce profitability of the Company.</p>
b. Methods used to manage the risk	<p>We have adopted multiple strategies to manage climate change risks. These are:</p> <ul style="list-style-type: none"> • Crop diversification to reduce the dependency on Tea and Rubber. • The Company adopts prudent agricultural practices such as TRI recommended clones. • Rain guards for Rubber trees in order to minimise the loss of crops due to adverse weather conditions. • Increase the number of Rain water harvesting ponds in anticipation of dry spells. • Improving soil conditions by applying relevant fertilizer on time and promoting organic fertilizer. • The Company strives to produce high quality Tea and Rubber products whilst maintaining internationally accepted certifications to retain competitive positioning in the market.
c. Costs of actions taken to manage the risk	<ul style="list-style-type: none"> • Investment in Diversified crops – Rs. 243 Mn • Cost incurred on fixing Rain Guards- Rs. 25 Mn

GRI 201-3 Defined Benefit Plan Obligations and Other Retirement Plans

<p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p>	<ul style="list-style-type: none"> Retirement Benefit Obligation as at end March 2024, was Rs. 562 Mn against Rs. 459 Mn for the previous year. (based on actuarial valuation). The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/Estate Staff's Provident Society (ESPS)/ Employees' Provident Fund (EPF). All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees. 									
<p>b. Is there a separate fund to pay the plan's pension liabilities</p>	<p>Not Applicable</p>									
<p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, to work towards full coverage</p>	<p>Not Applicable</p>									
<p>d. Percentage of salary contributed by employee or employer</p>	<ul style="list-style-type: none"> Gratuity payment amount fully contributes by the employer Defined Contribution Plan, 									
<table border="1"> <thead> <tr> <th>Capital Structure</th> <th>Employee Contribution</th> <th>Employer Contribution</th> </tr> </thead> <tbody> <tr> <td>CPPS/ESPS/EPF</td> <td>10% & 8%</td> <td>12%</td> </tr> <tr> <td>ETF</td> <td>-</td> <td>3%</td> </tr> </tbody> </table>	Capital Structure	Employee Contribution	Employer Contribution	CPPS/ESPS/EPF	10% & 8%	12%	ETF	-	3%	
Capital Structure	Employee Contribution	Employer Contribution								
CPPS/ESPS/EPF	10% & 8%	12%								
ETF	-	3%								
<p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact</p>	<p>Both Defined Benefit Plan and Defined Contribution Plan are mandatory participations,</p> <ul style="list-style-type: none"> Defined Benefit Plan - Payment of Gratuity Act No 12 of 1983 Defined Contribution Plan – EPF Act and ETF Act 									

GRI 201-4 Financial Assistance Received from Government

<p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period</p>	
<p>i. Tax Relief and Tax Credits</p>	<p>During the year – Nil</p> <p>(However, Agro Farming is exempt from Income Tax from 01.04.2019 to 31.03.2024)</p>
<p>ii. Subsidies</p>	<p>Tea Replanting Subsidies – Rs. 0.5 Mn</p>

FINANCIAL CAPITAL

iii. Investment grants, research and development grants, and other relevant types of grant	During the year – Nil
iv. Awards	HPL does not receive any of these benefits
v. Royalty holidays	
vi. Financial assistance from Export Credit Agencies (ECAs)	
vii. Financial incentives	
viii. Other financial benefits received or receivable from any government for any operation	
b. Whether, and the extent to which, any government is present in the shareholding structure	1 Golden Share held by Secretary to the Treasury of the Government of Sri Lanka.

3-3 Management of material topics

GRI 203: Indirect Economic Impacts 2016

13.22 ECONOMIC INCLUSION

OUR INDIRECT ECONOMIC CONTRIBUTIONS

a, b. Impacts	<p>Our indirect economic impacts during the current year were mainly towards overall economic revival by supporting supply chains, value chains and indirect employment creation by prioritizing local purchases, investing in renewable energy instead of imported fossil fuels and through ongoing community development projects and partnerships that we continued, despite rising costs. Two noteworthy projects initiated during the year are the She-Essential project which directly contributes towards women’s economic empowerment and our reforestation project with the Wildlife and Nature Protection Society which will benefit the entire country by preserving ecosystems that have great economic value.</p> <p>We did not encounter any negative impacts such as human rights violations, or environmental or social problems as indirect economic outcomes of our business operations during the year.</p>
c. Policies /commitments	Please refer Strategies and Policies chapter.

<p>d, e and f. Actions to manage impacts including remediation:</p>	<p>Our indirect economic impacts are primarily generated through our supply chain and value chain. Therefore, please refer the 13.22 Economic inclusion section above, as well as GRI 204: Procurement Practices 2016 and UNGC Principles 1, 2 and 3 discussed in the Social Capital chapter for responses on how we manage our positive and negative impacts.</p> <p>For community related impacts, please refer GRI 413: Local Communities 2016 in the Social Capital chapter for information on how we manage impacts including potential negative impacts.</p>
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GRI 203-1 Infrastructure Investments and Services Supported

<p>a. Extent of development of significant infrastructure investments, and services supported.</p>	<p>Investments during the financial year 2023-24:</p> <ul style="list-style-type: none"> • Developing/maintaining road networks within our estates and also in the vicinity of our estates. • Electrification for road lighting and houses including line houses. • Housing facilities for our estate communities, and maintain line houses • Water and sanitation facilities for our estate communities. • Other community infrastructure such as field rest room, Skill development center.
<p>b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p>	<p>By developing the road networks and road lighting systems, and by providing electricity for line houses we contribute directly towards the safety of estate communities, particularly women and children.</p> <p>The development of toilets and safe drinking water facilities as well as individual housing units for estate families, contributed towards the health and welfare of estate families including women, children and the elderly</p>
<p>c. Whether these investments and services are commercial, in-kind, or pro bono engagements</p>	<p>Developing estate road networks directly supports our business operations by facilitating transport of goods and workers. However, we do not make additional commercial gains through these investments by charging estate communities, or the public, a fee for using these roads or for road lighting.</p> <p>On the other hand, community infrastructure developments are pro bono, but have received financial support from government and non-governmental agencies.</p>

MANUFACTURED CAPITAL

During the current financial year, we enhanced our physical assets through strategic investments into growth opportunities that will contribute towards the future sustainability of the Company.

A highlight of the year, was opening a new Tea Experience Center at Gouravilla estate that marks HPL's entry into the new market of tourism, by positioning HPL on the Tea Tourism trail that will facilitate direct access to growing tourist inflows.

Biological Assets Additions

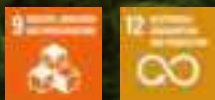
Rs. **341** Mn

Fixed Assets Additions

Rs. **93** Mn

Replanting Extent

148 Ha



International commitments United Nations' Sustainable Development Goals

Building our value-added portfolio, which we commenced in 2022, remained a top priority in order to address commodity market risks and enhance future revenues. Therefore, we are pleased to Value Added Tea, Coconut Oil, Coffee Products and a few of our Greenhouse Produce.

Our structural assets, which are mainly our Tea and Rubber factories, were continually improved for greater efficiency with a focus on modernizing our Tea and Rubber factories and also automating our Tea and Rubber harvesting process.

We have also continued to expand our mixed cropping strategy to optimize our Biological Asset base.



PROGRESS OF OUR MANUFACTURING TARGETS

Manufacturing Targets	Progress to date
Process Automation and Digitalization of all Tea factories by 2030.	<ul style="list-style-type: none"> Bambrakelley and Gouravilla Tea factories are semi-automated. Next estate in the list is Fairlawn.
Increase production volume of other crops to up their Revenue Contribution to 10% of total revenue by 2030. (Currently revenue from other crops is 1% from the total revenue)	<ul style="list-style-type: none"> Replanted 108 Ha of Coffee Replanting 40 Ha of Coconut in the Low Country Region.
Establish a Specialty Tea Production facilities	<ul style="list-style-type: none"> Introduced a trim leaf manufacturing project at Tillicoultry estate. Total quantity produced for the year was 161,773 Kgs.
Expand Coconut Oil Extraction Unit	<ul style="list-style-type: none"> A small-scale plant was established in Frocester estate to operate as a pilot project.
Open a coffee processing unit	<ul style="list-style-type: none"> In order to have optimum quantity of Coffee to operate a processing unit, we commenced coffee planting program in year 2023/24 (103 Ha of Coffee planted during the year).

MANUFACTURED CAPITAL

CAPITAL INVESTMENTS IN 2023/24

The total capital expenditure for the year 2023/24 came to Rs. 436 Mn. The major investment areas were; additions to Property, Plant and Equipment at Rs. 95 Mn and investments in Biological Assets at Rs. 342 Mn.

All major capital investments are assessed and approved by the Board of Directors. This includes proposals for new machinery and equipment, which are presented at quarterly Board meetings for review and approval. For routine interventions, project proposals are developed by Senior Management at the estate level. These proposals are then reviewed for feasibility and budgetary allocation by the Company's Finance Division, before being presented to the CEO/MD for final review and approval.

HORANA PLANTATIONS TEA EXPERIENCE CENTRE IN GOURAVILLA ESTATE

A significant addition to our assets was a new a state-of-the-art Tea Experience Center at our Gouravilla estate, at an initial cost of Rs.15 Mn. Designed to provide a hands-on Tea Tourism experience, the Center will play a central role in our tea tourism strategy, which is linked to the Pekoe Trail.

A 300 km EU funded hiking route, the Pekoe Trail is a sustainable tourism venture that takes visitors through Sri Lanka's beautiful upcountry tea lands, at a leisurely walking pace. Located within close proximity of the Pekoe Trail, our new Tea Experience Center provides the perfect

setting to showcase the range of HPL tea to visitors and existing customers, for brand promotion and greater customer relationship development. The Center allows visitors to sample HPL tea, which are among the best in the world, and will also facilitate factory visits to experience HPL's sustainable Tea manufacturing operations and learn about Tea tasting and Tea grading, promoting the tradition of Ceylon Tea globally, through an experiential tourism concept.



A Voyage Filled with moments you'll cherish forever Tea experience with Horana Plantations



Tea Experience Center- Gouravilla Estate

NEW INVESTMENTS IN MANUFACTURED OUTPUTS

Green Houses

We set up poly tunnels at a cost Rs. 7.2 Mn to cultivate vegetables in Green houses.



Automating Rubber Harvesting

We commenced automation of Rubber harvesting in Frocester and Neuchatel estates at a cost of Rs. 6 Mn. By mechanizing the Rubber harvesting process, we can optimize our Rubber production costs while also maximize labor efficiency and productivity.



QR card Introduce for Rubber Harvesters

Value Added Product Mix

Value addition to our plantation commodities is a key component of our growth strategy to address commodity market risks and to enhance revenues. We commenced our value addition strategy in 2022, with the production of Value Added Tea. Our value added portfolio continued to expand in 2023 with the addition of a many new products.



In addition to our range of Value Added Black Tea and Green Tea that we started in 2022, we commenced the production of Value Added Coffee in 2023 at our Coffee processing facility in Tillicoultry estate. We have already introduced Full City Roasted Coffee beans, Powder and Drip Coffee to the market, in attractive packaging. We also introduced our own Coconut Oil in 2023, produced at our first white Coconut Oil factory located in Forcester estate. We commenced the production of Cinnamon Oil in 50 ml bottles, at experimental level, at Mirishena estate, as we have already introduced packaged Cinnamon Quills to the market. From the Greenhouses of Tillicoultry and Stockholm estates, which were also set up in 2023, we started producing packs of Scotch Bonnet, Beef Tomato, Gherkin and Bell Pepper. From our Bee farms in our Low Country estates, we have introduced bottled Bees Honey to add to our Value Added portfolio.

We also continued to produce high quality, Value Added natural Rubber from Frocester and Neuchatel Rubber factories, that are renowned for Sole Crepe and Crepe Rubber.

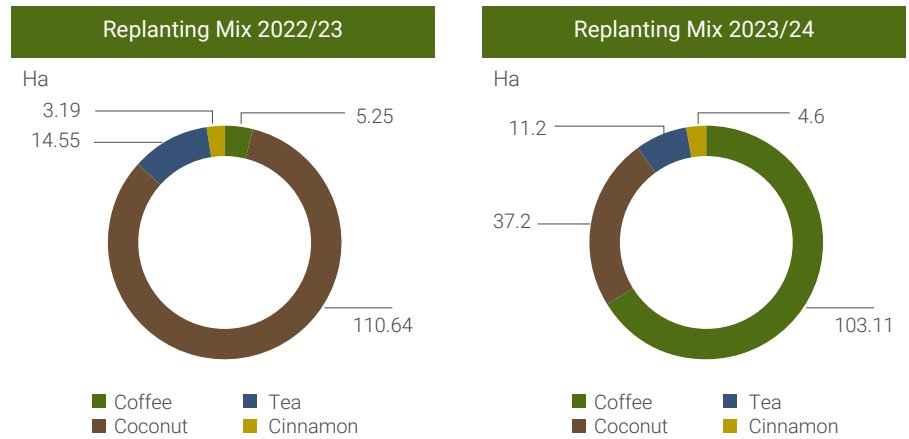
Biological Assets

Our Biological Assets are the core of our business and comprise cultivations of Tea, Rubber, Oil Palm, Coconut, Diversified Crops and Consumable Biological Assets. As at end March 2024, the total value of our Bearer Biological Assets came to Rs. 2,516 Mn and Consumable Biological Assets to Rs. 594 Mn.

MANUFACTURED CAPITAL

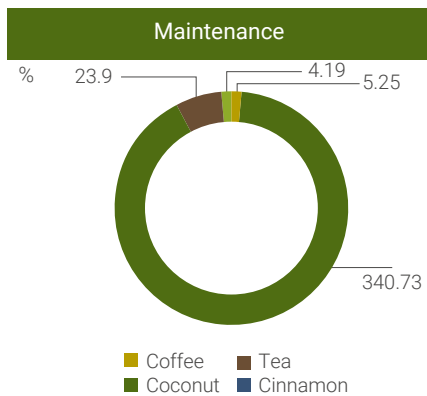
As at 31st March 2024	Hectares	Value (Rs. Mn)
Tea		
Mature	1,914	600
Immature	35	151
Rubber		
Mature	966	782
Immature	29	36
Oil Palm		
Mature	250	224
Immature	-	4
Coconut		
Mature	51	61
Immature	370	433
Cinnamon		
Mature	72	62
Immature	8	23
Diversified Crops		
Mature	52	33
Immature	120	106

As part of extending this exercise, we introduced Ancillary Crops, such as Coffee in High Grown Tea areas and began growing Cinnamon and Coconut in Low Grown Rubber areas. Additionally, we focused on extensive crop mixing to diversify risk in our low yielding lands.



Enhancing our Biological Assets

In developing our Tea lands, we have traditionally followed a crop diversification strategy focused on complementing Tea growing through replanting or infilling. However, we decided to expand our crop diversification strategy with the aim of enhancing land productivity through crop mixing.



High Density Tea Replanting in Millakanda Estate



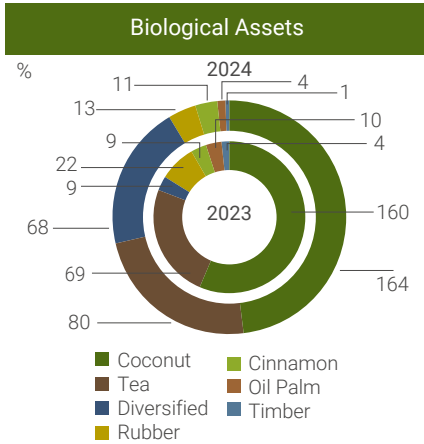
Intercropping Pineapples with coconuts



High Density Tea Planting - Millakanda Estate



Coconut Planting



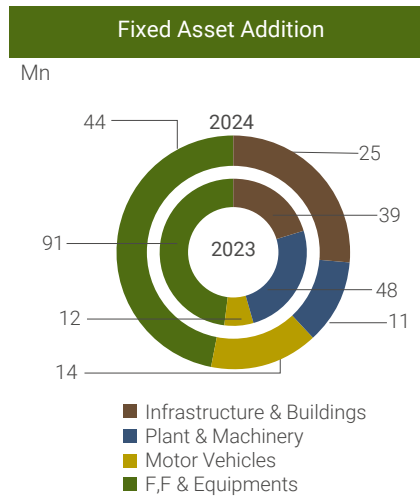
Fixed Assets Additions

Additions	2023/24 (Rs.Mn)	2022/23 (Rs.Mn)	2021/22 (Rs.Mn)
Infrastructure & Buildings	25	39	3
Plant & Machinery	11	48	30
Motor Vehicles	14	12	-
Furniture, Fittings & Equipment	44	91	21

FIXED ASSETS

The main investments into fixed assets during the 12 months under review came to Rs. 95 Mn. The total value of our fixed assets came to Rs 580 Mn as at the end of the financial year 2023/24.

As at 31-03-2024	Value (Rs. Mn)
Infrastructure & Buildings	262
Plant & Machinery	112
Motor Vehicles	29
Furniture, Fixtures & Equipment	176

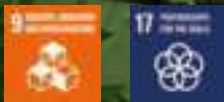


Rubber Processing Center

INTELLECTUAL CAPITAL

A vital component of our modernization strategy is to gradually build our own intellectual asset base in agro-manufacturing. As a plantation company, our intellectual property has traditionally been limited to the specialized agro-production knowledge of our people.

However, we are now actively investing in acquiring modern, science-based research and development (R&D) practices by partnering scientific institutions in the country, while also incorporating modern technology solutions into the traditional cultivation and manufacturing system. Our objective is to reduce costs, increase value addition, productivity, efficiency, and achieve greater diversification while also conserving natural resources.



International commitments United Nations' Sustainable Development Goals

Reserch & Development Projects

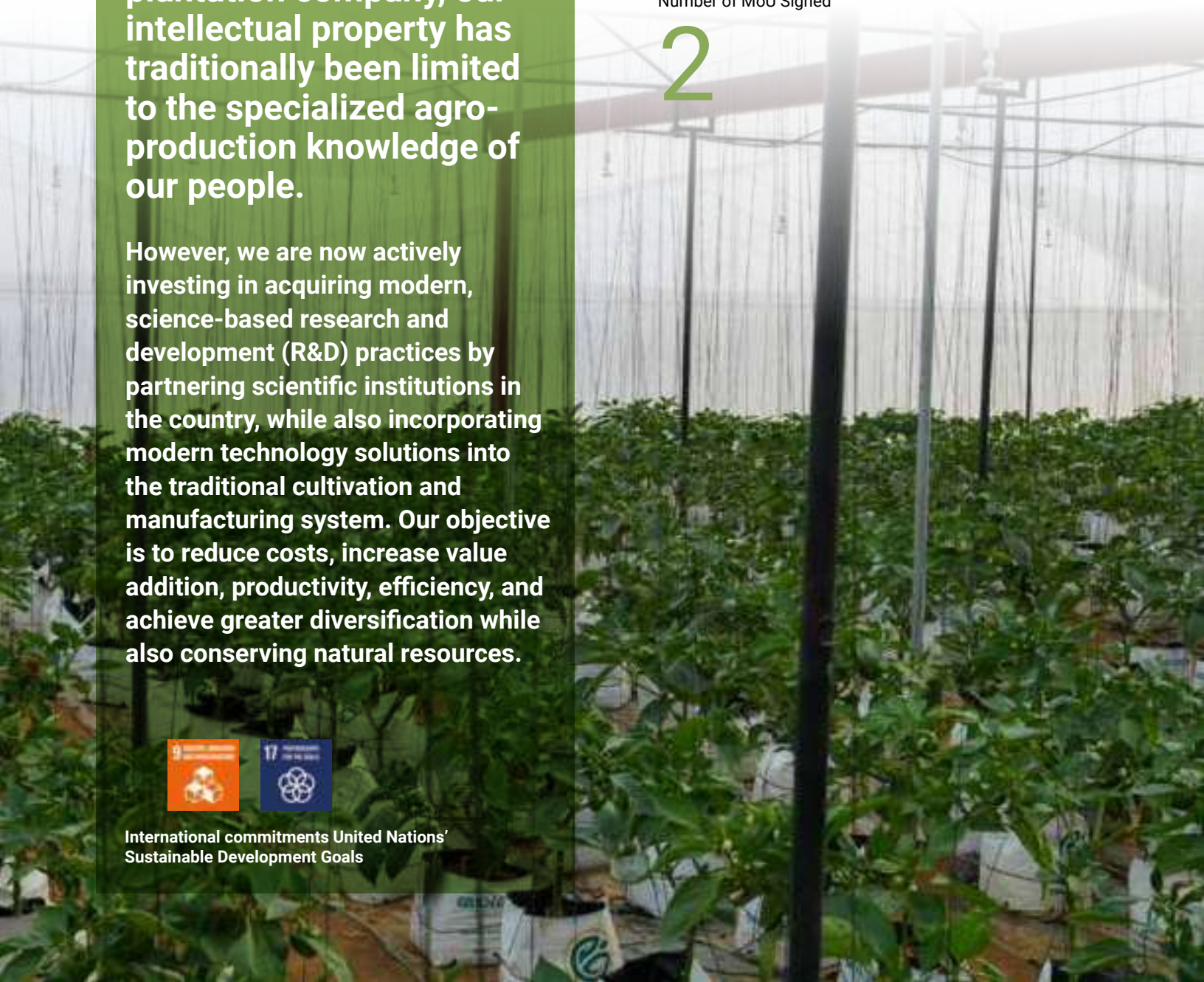
9

Certifications & Licenses

13

Number of MoU Signed

2



During the year under review, we continued to invest in developing our intellectual asset base, taking us closer towards our objectives of transforming HPL into a modern, technology based agri-business. We continued to research new scientific concepts and applications, and tested new technologies and science-based agricultural theories within our estates and factories, that are adding to the collective knowledge of the Company while also generating cost benefits and efficiency gains.



Contribution to science

We are pleased to report that a research paper, based on HPL's collaboration with Wayamba University, was published in an international journal. Please Scan QR Code.

PROGRESS OF OUR INTELLECTUAL CAPITAL TARGETS

Intellectual property targets for 2030	Progress to date
• Replace 25% inorganic foliar by vermi- compost and vermi wash.	5% replacement
• Increase machine plucking to 30% and tapping to 20%	3% Machine-plucked green leaf: 277,314 Kg
• 100% agrochemical spraying by drones	An experimental feasibility study was conducted in upcountry tea estates during the current financial year
• Automate all our factories	Implemented automated temperature control system in Frocester and Neuchatel Semi-Automated factories - 04 Tea Factories - 02 Rubber Factories

INTELLECTUAL CAPITAL

R&D INITIATIVES

Digital technology to predict the weather

We had already adopted the AccuWeather app to support decision making in areas such as, application of fertilizer, planting tea, rubber and other crops, plucking operations, processing tea and nursery operations.

In the current financial year, we partnered with Dialog to develop and test a more advanced and customized weather application. The Nowcast weather app is designed to provide real-time weather forecasts to enhance operational decision-making, especially in rubber estates. The app offers a comprehensive weather forecast 6 hours into the future and is being tested in Fairlawn, Bambrakelly, Neuchatel and Halwathura Estates.

Other research activities

We conducted many other research activities during the year aimed at product development, and also towards facilitating social welfare for estate communities and to support biodiversity protection. These include:

1. Using reusable bamboo pots as an alternative to polythene nursery bags at Gouravilla estate.
2. Introduced Agarwood as shade trees at an experimental site in Gouravilla estate.
3. Testing the effect of bio-weedicide as an alternative to glyphosate at experimental sites in Tillicoultry and Stockholm estates.
4. Biochar produced in our estates was tested for value additions and product development.
5. Camera traps were installed to study the behavior of leopards.

6. Species identification in both low country and up-country estates with the involvement of specialists from the Wildlife and Nature Protection Society.
7. A survey was conducted in collaboration with ADIC in Upcot estates, to identify socio economic factors that affect estate community living standards.
8. A survey was conducted to identify problems faced by estate women, resulting in the introduction of low-cost, reusable sanitary napkins, to a sample group of women at Alton estate.

Progress of R&D MOU with Wayamba University

HPL signed a MOU with the university in 2021-22. Our collaboration with the university facilitates experimentation on tea, coffee and oil palm, to continually modernize our production systems.

Research studies were conducted with Wayamba University on using firewood for black tea manufacturing and tea drying, changing processing aspects to improve quality of coffee, incorporating bee-keeping in oil palm plantations, the use of vermi-wash and inorganic liquid fertilizer for tea cultivation and developing an automated temperature controlling system to reduce tea withering time. As at the end of the current financial year, these

research studies have been successfully concluded and are now in the process of being incorporated into our manufacturing systems.

A new research study commenced with a group of undergraduates, at our Bambrakelly estate, to design and develop an IoT based, automated, monitoring system, to enhance withering efficiency in black tea manufacturing.

Creating an innovation culture

We are incorporating the findings from our research studies, as well as innovative new technologies, into our operations. These include:

- Successful application of vermi-technologies to increase yields
- Successful application of biochar as a soil amendment
- GIS mapping of All estates
- We are using controlled farming techniques (poly-house cultivations)
- We have adopted solar-powered water pumping systems
- Successful implementation of portable biochar units in the field
- Introduce reusable bamboo pots instead of ploy bags in tea nurseries



Biochar production Unit



Sustainable Bamboo pots

AUTOMATION AND DIGITALIZATION

Internet of Things (IoT) for rubber Factories

We implemented an IoT-based solution to remotely monitor, control, and automate the rubber drying process. This system has reduced wastage and operational costs incurred in rubber manufacturing.

We also introduced IoT technology and artificial intelligence, to measure rubber latex collection, instead of traditional dipsticks. Computer vision is used to identify the density of the latex. The use of modern technologies will eliminate data manipulation and provide more accurate rubber collection data.

Digitizing green leaf collection

Our cloud-based solution transforms traditional green leaf collection by enabling management to view field collection data, even from distant head office locations. It also facilitates field-to-factory traceability, offering a transparent and accountable supply chain.



Digital Latex weighing

Weighbridges

Weighbridges have been installed for weighing accuracy and operational efficiency.

Machine plucking and machine tapping

We invested in 200 single-handled plucking machines at a cost of Rs. 32 million. Mechanization addresses the challenges of labour shortages and rising labour costs, while also doubling the output compared to manual work. On average, a single worker can produce a maximum of 20kgs per day, but through mechanization we achieved an impressive 40kgs per day.



Machine Harvesters



Integration of drone technology - Training programme

INTELLECTUAL CAPITAL

Cloud technology for tea factories.

This cloud-based solution provides field-to-factory traceability, thereby reducing the overall cost of production while offering greater visibility within field collection activity.

Factory Total Gross Weight (kg)	Factory Total Bag Count	Factory Bag Deduction (kg)	Factory Moisture Deduction (kg)	Factory Net Weight (kg)	Factory Total Net Weight: 11,661.51 kg
11,270.00	1112	407.20	1,291.70	11,661.10	Cumulative Total: 11,661.51 kg Moisture: 1,291.70 kg Deduction: 407.20 kg Net Weight: 11,661.10 kg

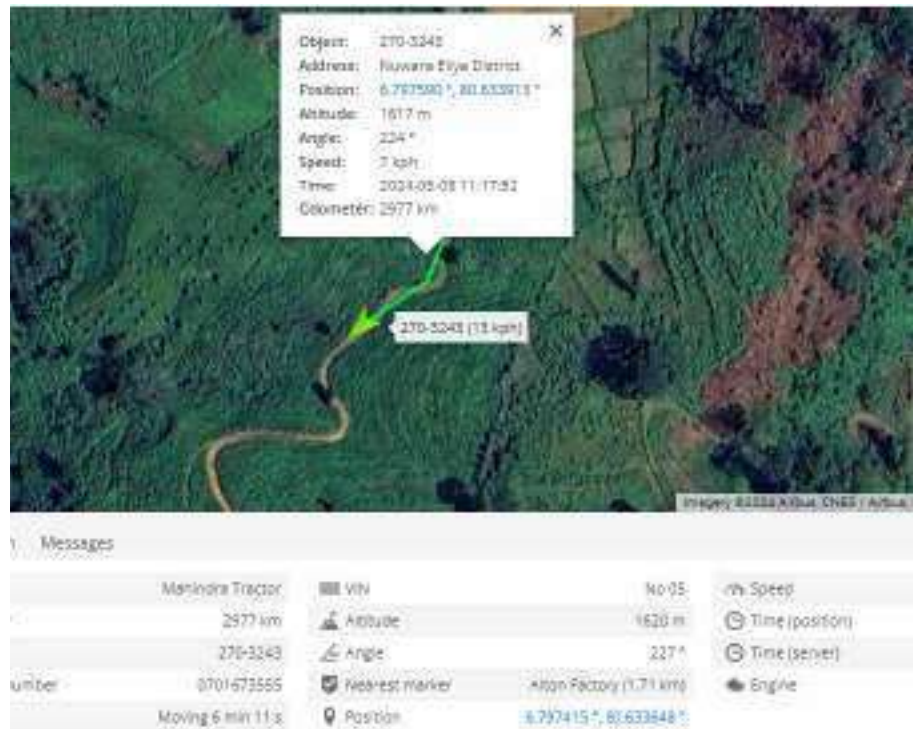
Supplier Estate	Supplier Division	Supplier Field	Factory Total Gross Weight (kg)	Factory Total Bag Count	Factory Bag Deduction (kg)	Factory Moisture Deduction (kg)	Factory Total Net Weight (kg)
Stockholm	SH, D26	1704	1,762.60	240	61.00	247.88	1,413.72
Stockholm	SH, D26	1705	1,047.00	16	18.00	16.20	1,012.80
Stockholm	SH, D26	1706	427.90	34	11.80	41.87	375.23
Stockholm	SH, D26	1707	488.00	48	17.10	49.78	361.12
Stockholm	SOU, D100A - B	1708	170.00	17	5.50	18.40	146.10
Stockholm	SOU, D100A - B	1709	338.00	30	13.00	32.60	292.40

Dry tea weighing machines

Dry tea weighing machines were installed at Stockholm, Alton and Gouravilla tea estates to ascertain accurate gross weights.

GPS tracking of vehicles

A GPS tracking system – ‘Track My Car’ - was implemented as part of the Company’s tea transportation management process for real-time visibility of locations and status of vehicles. The system supports timely and secure delivery of tea leaves and also aids in optimizing transportation routes, reducing fuel consumption, and enhancing overall operational efficiency. The ability to track vehicles in remote, or challenging terrains ensures the safety of both the tea cargo and the transport personnel.



GPS Tracking System

Real-time monitoring of solar power generation

Our Sunny Portal software enables real-time monitoring of solar power generation. The WhatsApp web portal is used to share solar generation data.

ENHANCING ORGANIZATIONAL KNOWLEDGE

We have continued to enhance the intellectual capital of our Company through specialized, technical education for our employees. Employees also participated in forums and educational events to share knowledge and learn from others.

• International Plantations Sustainability summit

Hayles Plantations organized the International Plantations Sustainability Summit in the current financial year, which included several panel discussions with ESG professionals to share knowledge among stakeholders.



International Plantations Sustainability Summit

• Tea Industry Conference

Personnel from the Human Resource Division and sustainability team, attended the 'Co-Creating Family Friendly Tea Industry Conference,' and were exposed to a number of ESG topics such as gender equality, dignity, HR policy development etc...



Tea Industry Conference

• UNGC programs

The sustainability team participated in the SDG Innovator Accelerator program and Climate Ambition Accelerator program, conducted by UNGC to identify new ventures related UN SDG's and climate related action.

TRAINING EVENTS TO DEVELOP TECHNICAL SKILLS

During the year, many training programs were conducted on cultivation, maintenance and manufacturing, through technical industry bodies to transfer technical knowledge to our employees.

- The Rubber Research Institute (RRI) conducted training on rubber tapping and 21 of our tappers obtained the NVQ level 3 qualification. Employees were also educated on the leaf fall disease.
- TRI conducted training programs on machine plucking for harvesters in the upcountry.
- The Cinnamon Training Academy conducted programs on cinnamon field operations for low country estate managers and field officers
- Training on establishing and maintaining in-house R&D units, was conducted by the Industrial Development Board.
- NIPM conducted bee-keeping training.
- The National Cleaner Production Center conducted several training programs for our sustainability team on topics such as development of energy management systems, quantification of carbon footprint, and corporate environment sustainability through greening industries.
- Personnel from the Finance Department were trained on financial reporting by the Institute of Chartered Accountants of Sri Lanka.

INTELLECTUAL CAPITAL

- NIPM conducted a training on forestry and wood management in plantation industries for our forestry management personnel.
- Managers/Assistant Managers in tea harvesting were exposed to training on scientific management.
- A training program on Arabica coffee agronomy, coffee quality and processing, was held in Upcot region



Machine Harvesting Training



NVQ 03 certificate Awarding Ceremony



Training On Coffee Planting



HUMAN CAPITAL

As a Plantation Company HPL is highly labor intensive, making our employees a vital component of our business. However, Sri Lanka's plantation industry as a whole is facing historic changes due to continued outmigration of resident estate employees, such as Tea pluckers and field workers.

HPL has identified labor outmigration/skill migration as a material topic in this annual report due to its wide-reaching impacts on operations. In addition, HPL has identified the topics of Employment, Employee Wellbeing, Training and Education and Labour Relations as material topics under Human Capital. As signatories to the UNGC we are also required to report progress under relevant UNGC Principles. Therefore, this chapter will focus on our efforts to manage these material topics during the year under review.



International commitments United Nations' Sustainable Development Goals

Total Number of Employees

3,455

Number of Training Programmes

60



International Commitments



United Nations Global Compact (UNGC)



99% of our employees said....

"This is a great place to work"

Regulatory Compliance 2023-24

HPL did not face any significant fines or penalties during the year under review for non-compliance or delays in compliance with any applicable Labour regulations. All statutory payments have been made on time.



PROGRESS OF OUR HUMAN RESOURCE TARGETS

Human Resource Targets	Progress to date
1. Implementation of HRIS – ORACLE IT Solution	On ongoing
2. Training on GMRs and GAPs	Several training sessions had been conducted on GMR and GAPs on RA & ISO 22000 and 45001 trainings.
3. Capacity building of worker community	HPL have conducted several capacity building programs during the year 2023/24.
4. Appointment of women supervisory staff	We appointed a female field officer at Stockholm Estate, in Upcot, starting from 01st April 2023. We hope to recruit more female employees for supervisory staff
5. Safe and Affordable Housing	15 Housing Units
6. Zero anemia among workers	No recorded anemia cases in 2023/24

HUMAN CAPITAL

13.20-EMPLOYMENT PRACTICES

13.21- LIVING INCOME AND LIVING WAGE

PROGRESS OF UNGC PRINCIPLES UNDER LABOUR

<p>UNGC Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<p>Sri Lanka has ratified the ILO Conventions on freedom of association and collective bargaining and Sri Lankan Labour laws recognize the right to unionize and collective bargaining. Sri Lanka's plantation sector is also fully unionized with multiple unions operating within the sector.</p> <ul style="list-style-type: none"> • HPL has been fully compliant with all regulations on unionization and collective bargaining and did not receive any complaints, or accusations of any regulatory noncompliance. • We respect the right of all workers to form and join a trade union and do not discriminate such workers through policies or procedures. We do not interfere with the activities of worker representatives while they carry out their functions in ways that are not disruptive to regular company operations. • Please refer GRI 402: Labour/Management Relations 2016 for further details • Collective bargaining <p>Existing collective agreements which plantation companies have signed with unions spells out the conditions related to work & disciplines other than worker wages. Wages applicable to workers are decided by the Wages Board. HPL is signatory to such Collective Agreements through the Employers' Federation of Ceylon.</p> <p>In addition, we also provide workers' representatives with appropriate facilities to assist in the development of effective collective agreements.</p> <ul style="list-style-type: none"> • Please also refer GRI 2-30 Collective bargaining agreements
<p>Principle 4: the elimination of all forms of forced and compulsory Labour;</p>	<p>Forced and compulsory Labour</p> <p>Sri Lanka has ratified the ILO Convention on Forced Labor (1930) and the International Protocol P029 of 2014, to the Convention Concerning Forced or Compulsory Labor that came into effect in 2014. Therefore, Sri Lankan labor laws make it illegal to employ forced and/or compulsory Labour.</p> <ul style="list-style-type: none"> • HPL does not use forced or compulsory labor in any of its work locations. • HPL is fully compliant with all labor laws including the above and has not faced any complaints or regulatory action for noncompliance with the above regulations.
<p>Principle 5: the effective abolition of child labor;</p>	<p>Child Labour</p> <p>Sri Lanka has a strong legal framework to protect children/minors, which governs HPL's recruitment and work conditions as a business entity. These national regulations include The Employment of Women, Young Persons and Children Act No. 47 of 1956, The Shop and Office Employees Act No. 19 of 1954 and the Factories Ordinance No. 45 of 1942. In addition Sri Lanka has a strong labor-law enforcement mechanism including physical visits to business premises by officials of the Labor Department.</p> <ul style="list-style-type: none"> • HPL has not received any complaints of child labor, or faced any regulatory actions for child labor in its business activities. • HPL does not recruit, or use child labor in any part of its business operations including field work, factories and offices. • HPL has many ongoing programs to promote child welfare and protection within its estates. Please refer the Social Capital chapter for details on these.

Principle 6: the elimination of discrimination in respect of employment and occupation.

Equal Opportunity Employer

HPL is an equal opportunity employer and makes all recruitments, rewards and promotions, non-discriminately, based on merit.

Gender Equality Policy

1. Promote a family friendly workplace for men and women;
 - Flexible working arrangements
 - Breastfeeding facilities within plantations
 - Maintain awareness around family and domestic violence
2. We provide equitable opportunities for male and female employees
 - Ensure that gender equity exists with regard to remuneration of employees
 - Ensure that there is gender representation in all cross functional teams, interview and assessment panels
 - Seek opportunities to encourage gender diversity in positions historically filled by gender stereotypes
 - Offer support to other local organizations wishing to become accredited through the White Ribbon Program
 - Ensure senior representation on external networks that address gender equity issues
 - Support external organizations that demonstrate gender equity.

OUR EMPLOYEE PROFILE

GRI 2-7 **Employees**

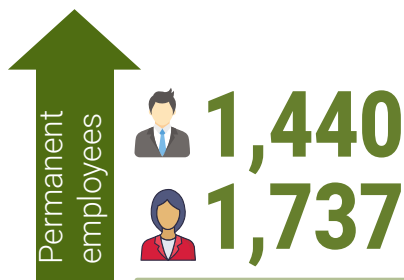
a. Total number of employees and a breakdown of total by gender and by region



All Employees By Region

	Upcot	Lindula	Low Country	Head Office
Number of employees	1,675	772	976	32

b. (i) Permanent employees, and a breakdown by gender and by region

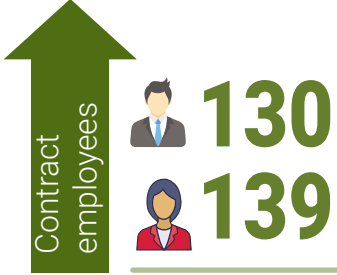


Permanent Employees By Region

	Upcot	Lindula	Low Country	Head Office
Number of employees	1,665	768	716	28

HUMAN CAPITAL

(ii) Contract employees, and a breakdown by gender and by region



Contract Employees By Region

	Upcot	Lindula	Low Country	Head Office
Number of employees	7	4	255	3

Trainees by Gender



Trainees By Region

	Upcot	Lindula	Low Country	Head Office
Number of employees	2	1	3	3

(iii) non-guaranteed hours employees, and a breakdown by gender and by region

N/A

(iv) full-time employees, and a breakdown by gender and by region

Same as All employees.

(v) part-time employees, and a breakdown by gender and by region

All employees at HPL are full – time employees

c. methodologies and assumptions used to compile the data including whether the numbers are reported in head count, full-time equivalent (FTE), or using another methodology

- Each month, estate administrations report employee numbers to our HPL head office.
- Subsequently, we meticulously input this data into the Hayleys CUBE portal, categorizing it by gender, region, and category.
- Additionally, regional HR meetings are held on a monthly basis, facilitating closer oversight and management of human resources within each region.
- Furthermore, management convenes quarterly HR meetings to discuss broader organizational strategies and initiatives.
- Estate employee head counts are counted by-monthly, at a general muster by the management, and reconciled with the records in the IT system. Estate workers who have not reported to work for 30 days continually are automatically deleted from the system. This is a physical count which is certified by the estate management.

GRI 2-8 Workers who are not Employees

i. the most common types of worker and their contractual relationship with the organization;	We employ approximately 269 contractual workers, mainly in our Company. They are been paid on pre agreed tasks.
i. the type of work they perform	<ul style="list-style-type: none"> • Harvesting • Sundry work such as – Weeding/Fertilization/Draining/ Forking/ Replanting • Factory work • Watchers • Kanganies
Methodologies used to compile the data, including whether the number of workers who are not employees is reported	<ul style="list-style-type: none"> • Method used is a physical count and the numbers are recorded and reported

GRI 2-30 Collective Bargaining Agreements

a. Percentage of total employees covered by collective bargaining agreements	<p>In the financial year 2023-24, there was no collective agreement in force as negotiations were inconclusive.</p> <p>However, 100% of HPL's manual grade labor force & Estate Non executive staff are normally covered by collective agreements. This represents 98% of total permanent employees.</p> <p>The minimum wage standards stipulated by the Wages Board Ordinance serves as the overarching mandate for determining wage structures for our estate workforce, with any changes falling under the Collective Agreement.</p>
a. For employees not under collective bargaining agreements, whether working conditions and terms of employment are based on collective bargaining agreements that cover other employees, or based on collective bargaining agreements from other organizations	<ul style="list-style-type: none"> • Salary scales for executive level employees (this grade is not covered under collective bargaining agreements) are market competitive and reflect our commitment to merit-based pay. As a non-discriminatory employer, we maintain a 1:1 ratio in the remuneration provided to men and women in similar roles. • The benefit structures for executives are based primarily on the Shop and Office Employees Act of 1954, EPF Act, ETF Act and the Payment of Gratuity Act of Sri Lanka. Accordingly, we contribute 12% of an employees' basic salary to the Employees Provident Fund and a further 3% to the Employees Trust Fund As specified under the Act, we make provision for Gratuity Payment annually for all employees who have been employed by the Company for over 60 months. <p>In addition to the statutory benefits, all permanent employees are entitled to the following benefits;</p> <ul style="list-style-type: none"> • Medical • Workmen's Compensation • Meal Facilities • Attendance incentive • Opportunities for other income generation such as Out grower Model, Buy Back weeds • Healthcare insurance - outpatient medical expenses • Production, attendance, shift and grading incentives • Bonus

HUMAN CAPITAL

3-3 MANAGEMENT OF MATERIAL TOPICS

GRI 401: **Employment 2016**

EMPLOYMENT AT HPL

<p>Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>(a) Actual and Potential Negative Impacts</p> <p>No significant negative impacts of employment at HPL were reported on the environment, economy or human rights.</p> <p>Potential negative impacts on employees such as injuries at work, sexual harassment, discrimination, child labor, forced labor etc... are mitigated or prevented by total compliance with labor laws, safety practices and sound HR practices.</p> <p>However, due to shortage of estate workers - only 60% is available for the required work – there is a negative impact on the national production and thereby, the economy.</p> <p>(b) Negative impacts due to business partners</p> <p>There were no reports of any negative impacts due to employment during the year under review from our activities or the activities of our business partners.</p> <p>Actual and Potential positive Impacts</p> <ul style="list-style-type: none"> • Total jobs created during the year - 511 • Total women employed during the year – 1,879 • we have introduced technological solutions, notably plucking machines, to mitigate labor shortage.
<p>a. Policies or commitments regarding the material topic</p>	<p>HPL is committed towards fostering gender equity in the Company:</p> <ul style="list-style-type: none"> • Equal pay and equal opportunities • Flexible working arrangements • Breastfeeding facilities within plantations • Maintain awareness around family and domestic violence
<p>13.20.1 Policies or commitments regarding recruitment of workers,</p>	<p>HPL is a leading plantation sector employer with an ethical and transparent recruitment policy that complies with all Labour regulations as well as industry best practices.</p>
<p>Approach to worker compensation - bonuses and piece rates, and any deductions or withholdings from compensation;</p>	<p>Approach to worker compensation</p> <ul style="list-style-type: none"> • All permanent employees are paid fixed salaries and also received bonuses • Estate workers are paid on a daily wage, and also receives incentive payments when targets are exceeded <p>Deductions or withholdings from compensation</p> <p>All deductions are statutory deductions under the EPF and ETF regulations. Other deductions include repayments for loans, and union memberships.</p>
<p>Approach to address situations where work undertaken within the supply chain does not take place within appropriate institutional and legal frameworks</p>	<p>All our suppliers are audited for compliance with international accreditations. In instances of deviations, we inform the supplier and review after a suitable period. If corrective action is not taken, we discontinue the party from our supplier database.</p>

d. (i) (ii) (iii) Managing impacts

Actions to mitigate potential negative impacts

- Safety systems

We have implemented Occupational Health and Safety management system.

- **Grievance management**

- o Each estate have grievance handling committee.
- o Employees can speak directly to the HR head.
- o Estate management teams educate their workforce in their local language regarding the mechanics of the grievance procedure.
- o Workers can raise grievances through union leaders or through discussions with the Child Development Committees, Kovil Committees, Voluntary Worker Committees, Youth committees and Sport Committees.
- o Plantations Executives also meet union representatives on request to discuss and settle matters related to industrial disputes and worker welfare.

- **Awareness raising among employees**

- o We arrange for regular awareness sessions by the Labor Department of the Sri Lanka to educate our estate workforce on labor rights and the solutions available to them.
- o HPL has conducted several awareness sessions with the collaboration of Alcohol & Drug Information Center (ADIC)
- o Plantation Executives to conduct weekly discussions with union leaders on matters of concern and meet the unions on request
- o Awareness programs are conducted for both employees and estate communities on gender rights and child protection
- o Company Code of Conduct is communicated to all employees
- o Training programs are conducted on correct application of quality standards to prevent any negative impacts on production
- o Regular review of policy, procedures and strategies to ensure gender equity principles are maintained
- o Ensure gender representation in all cross functional teams, interview and assessment panels
- o Ensure that gender equity exists with regard to remuneration of employees
- o Seek opportunities to encourage gender diversity in positions historically filled by gender stereotypes

HUMAN CAPITAL

(ii) Actions to address actual negative impacts

There were no significant negative impacts due to HPL's business activities during the year under review.

- The main negative impact with regards to employment during the year, was the high employee turnover due to outmigration of estate workers.

(iii) Actions to manage positive impacts

The Company has many incentives to retain its employees. These include:

- Investing in infrastructure and equipment to enhance working conditions
- Regular training and development opportunities
- Employee recognition and rewards
 - Awarding gold coins
 - Offering Best plucker/tapper certificates
 - Food pack distribution
 - Incentives
 - Appreciation lunch
- Employee motivational activities
 - o Productivity incentives are given to Tea pluckers for every kilo of tea harvested, over the 18 kg mark per day, and rubber tappers are granted an additional allowance.
 - o Attendances incentives are provided to pluckers /tappers.
 - o Profit sharing is done based on the respective estate profits.
 - o Appreciation incentives are provided for good standard of work –plucking, field and cultivation
 - o Every month, the best plucker/ tapper of the Estate is rewarded with household gifts or rations.
- Work life balance initiatives
 - Safe heaven project
 - Social and cultural events

<p>e. (i), (ii), (iii), (iv) Tracking the effectiveness of the actions taken</p>	<p>(i) (ii) (iii) Tracking effectiveness of actions</p> <ul style="list-style-type: none"> • Great place to work employee surveys were conducted this year • Performance reviews are held that also facilitate feedback between workers and management • Employee grievance management • Discussions with trade unions <p>(iv) How lessons learned are incorporated into policies and procedures</p> <ul style="list-style-type: none"> • Learnings regarding employee concerns and aspirations are communicated to senior management by HR and policies are amended if required. • In addition, we engage management, HR personnel, and employees, in the process of incorporating lessons learned into policies and procedures. Seek input and feedback to ensure that the lessons are effectively integrated into the organization's practices. • Provide training and guidance to employees on the updated policies and procedures. • Clearly communicate the updates to policies and procedures to all employees.
<p>f. How engagement with stakeholders inform actions</p>	<ul style="list-style-type: none"> • Exit interviews are conducted to understand reasons for leaving • Trade union and employee concerns from grievance management are incorporated into HR practices • Employee skill development requests during performance evaluations are taken into account in developing annual training calendars. • Feedback from customers are taken into account for employee training • Directives from regulatory bodies are immediately incorporated into HR policies and procedures

EMPLOYEE ENGAGEMENT EVENTS IN 2023/24

Employee Recognition

We recognized our workers on their retirement with an appreciation letter issued by our Managing Director. In addition we also organized award ceremonies to formally recognize exceptional achievements.

Awarding Gold Coins

In an effort to motivate and recognize outstanding performance, we awarded a gold coins to the best harvester of the year in each estate. This initiative, recognizes contributions of individuals by providing tangible recognition for their efforts. The value of offered gold coin is 85,200/-.



Gold Coin Awarding for Best Harvesters

HUMAN CAPITAL

Best Plucker/Tapper Certificates

We selected the best plucker/tapper every month, per division, and train them for the final competition, organized in grand manner. The best plucker is selected according to criteria such as leaf quantity, leaf quality, bush maintenance, attendance etc... The best tapper is selected according to criteria such as condition of the tapping bark, latex quantity, attendance ect. Winners are awarded certificates and gifts.

Work-life Balance

Work-life balance initiatives for our workforce are centered on holistically supporting the needs of estate communities (Refer Social and Relationship Capital for more details). HPL aligns with the Hayleys Group initiatives to enable its executive employees to benefit from a better work-life balance.

'Safe Haven for All', worker housing program

HPL has a housing program for workers and their families, to move out of traditional line houses, into individual housing units

that are designed in line with national housing health and sanitation standards. The Company provides plots of estate land to construct houses, in collaboration with the Plantation Human Development Trust (PHDT). In the fiscal year 2023/24, we supplied 15 houses to Halwatura Estates with Water & electricity.

Implementation of paper bag project in par with International Women's day 2024 – Recognizing the abilities of women with special needs.

In commemoration of International Women's Day, we have launched a significant initiative focused on empowering women with special-needs within the Alton Estate community. Through the establishment of a paper bag production project, we aim to provide these women with meaningful employment opportunities and a platform for skill enhancement. This endeavor is not only a testament to our commitment to gender equality and women's empowerment but also a demonstration of our dedication to inclusivity and social responsibility. By engaging in this project, we strive

to celebrate the achievements and capabilities of all women while fostering economic independence and social integration for those with special needs.

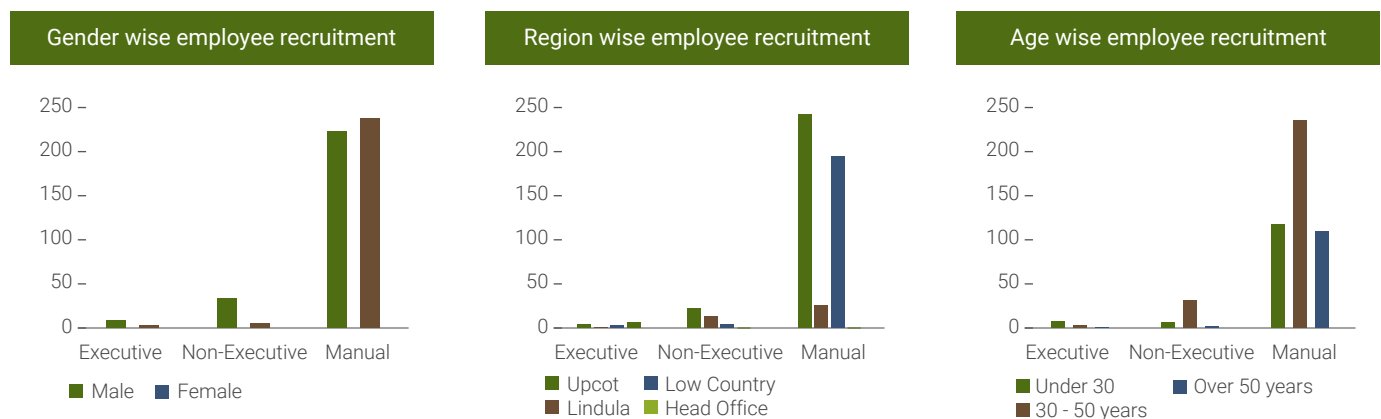
GRI 401-1 New Employee Hires and Employee Turnover

We experienced a high rate of employee turnover during 2023-24 mainly in the manual category, as employees left for employment abroad or to find other employments, due to the escalating cost of living. Compared to the previous financial year, total new recruitments increased by 270 in all categories.

GRI 401-3 Parental Leave

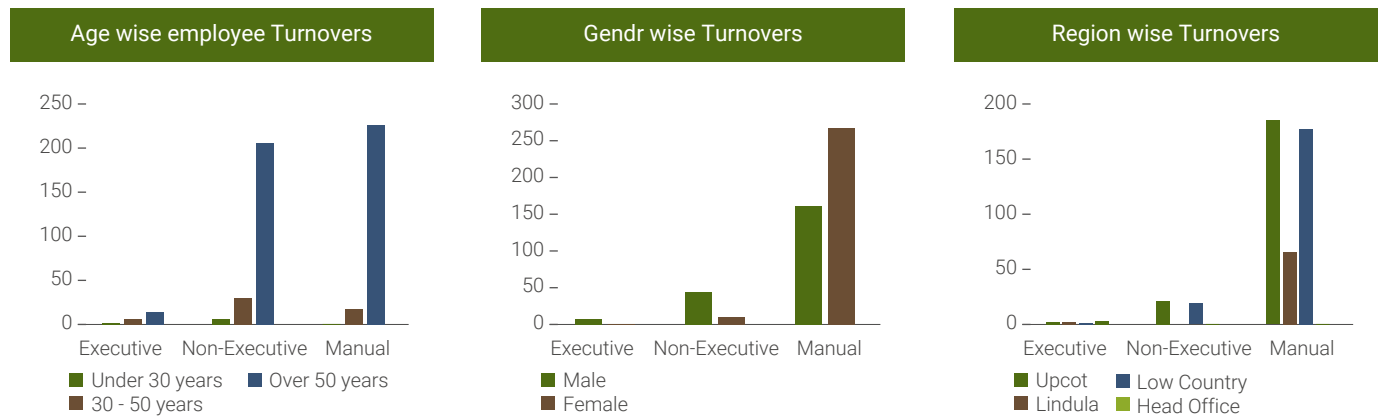
HPL offers maternity leave to eligible women employees, ensuring they receive the necessary support during this important time. In the financial year 2023/24, a total of 43 employees benefited from the maternity leave program, highlighting HPL's commitment to supporting its workforce through comprehensive maternity benefits.

a. New employee hires during the reporting period, by age group, gender and region.



Category	Category	Executive	Non-Executive	Manual	Total
Age Group	Under 30 years	7	6	117	130
	30-50 years	3	31	235	269
	Over 50 years	1	2	109	112
Total	Total	11	39	461	511
Gender	Male	8	34	223	265
	Female	3	5	238	246
Total	Total	11	39	461	511
Region	Up Country	1	22	242	265
	Lindula	1	13	25	39
	Low Country	3	4	194	201
	Head Office	6	-	-	6
Total	Total	11	39	461	511

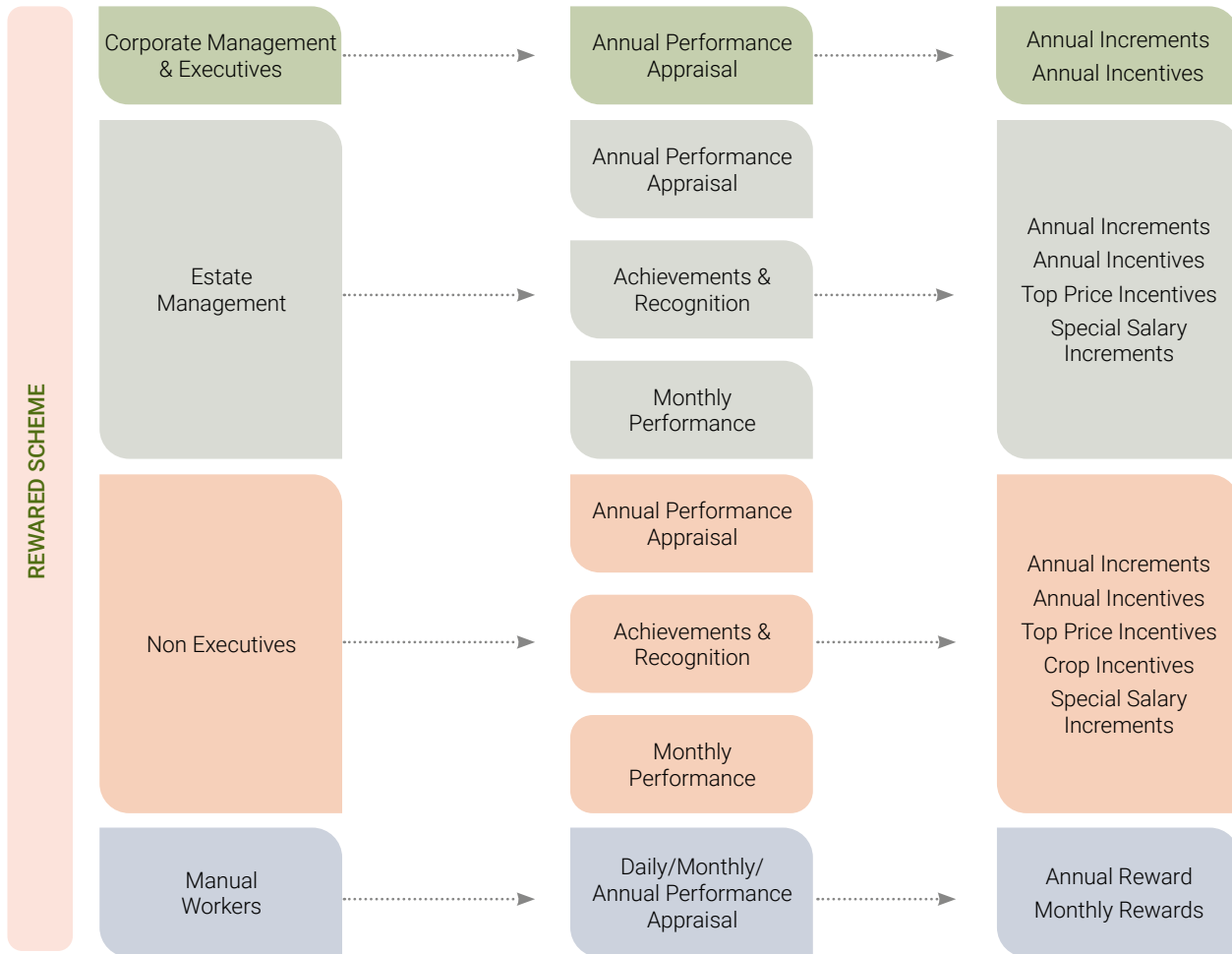
b. Total employee turnover during the reporting period, by age group, gender and region.



Category	Category	Executive	Non-Executive	Manual	Total
Age Group	Under 30 years	4	6	14	22
	30-50 years	4	30	206	242
	Over 50 years	-	18	208	226
Total	Total	8	54	428	490
Gender	Male	7	44	161	212
	Female	1	10	267	278
Total	Total	8	54	428	490
Region	Upcot	4	21	185	208
	Lindula	2	14	66	82
	Low Country	1	19	177	197
	Head Office	1	-	-	3
Total	Total	8	54	428	490

HUMAN CAPITAL

HPL's Performance and Rewards System



3-3 MANAGEMENT OF MATERIAL TOPICS

GRI 402: Labour/Management Relations 2016

LABOUR RELATIONS

a. b. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;

(a) (b) Actual and potential, negative impacts

During the current financial year, HPL did not experience significant negative impacts of industrial relations due to HPL's activities or due to activities of its business partners.

However, on-going wage negotiations can disrupt industry activities, which will have a negative impact on the overall economy.

Actual and potential, positive impacts

HPL has continued to create economic value due to good labor relations and also support employee incomes.

a. Policies or commitments regarding the material topic	Please refer : o UNGC Principle 3 o GRI 2-30 Collective bargaining agreements
d. (i) (ii) (iii) Managing impacts	<ul style="list-style-type: none"> • The HR Department maintains continuous communications with union representatives as well as employees to receive prior warning of industrial action. • A reporting process is available to report any industrial actions and to arrange negotiations • Educating employees on Company policies and benefits for employees • We arrange for regular awareness sessions to be conducted by the Labor Department of the Sri Lanka to educate our estate workforce on labor rights and the solutions available to them.
e. (i) (ii) (iii) Tracking the effectiveness of the actions taken	Tracking the number and frequency of labor disputes and resolutions of labor grievances
(iv) How lessons learned are incorporated into policies and procedures	HR makes recommendations are reviewed by legal personnel and policy and procedural changes are made if required
f. How engagement with stakeholders inform actions	<ul style="list-style-type: none"> • Discussions with unions are communicated to senior management • As a member of the Ceylon Planters' Association, HPL also participates in broader industry-level forums with Unions, the Commissioner of Labor, Ministry of Plantations Industries etc... to resolve issues pertaining to workers.

GRI 402: Labor/Management Relations 2016

a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.	At least 01 month prior to any changes being implemented.
a. Is the notice period and provisions for consultation and negotiation, specified in collective agreements.	Yes

HUMAN CAPITAL



EMPLOYEE WELLBEING

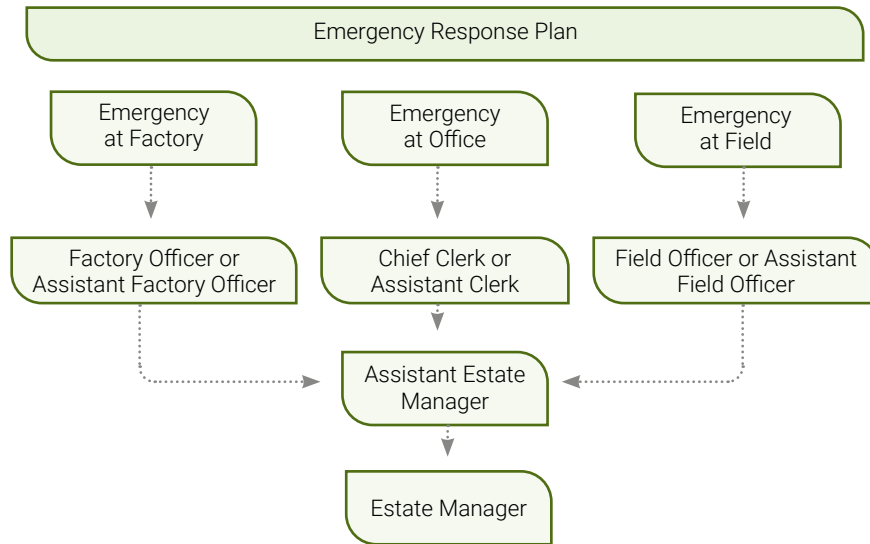
We are pleased to report that during the financial year 2023-24, three of our factories, Alton, Gouravilla and Fairlawn, became the first tea processing centres in Sri Lanka to obtain ISO 45001 : 2018 certification for occupational health and safety, demonstrating our commitment towards the welfare of our employees.

3-3 Management of Material Topics

GRI 403: Occupational Health and Safety 2018

13.19 Occupational Health and Safety

<p>a. b. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>Actual and Potential Negative Impacts</p> <p>No fatalities or other significant injuries or ill health were reported during the year due to our activities or that of our business partners. Negative impacts could include injuries and fatalities to employees</p> <p>Actual and Potential Positive Impacts</p> <ul style="list-style-type: none"> • HPL did not experience any loss of manhours or work stoppages due to injuries. Therefore employee productivity was sustained
<p>c. Policies or commitments regarding the material topic</p>	<ul style="list-style-type: none"> • Occupational health and safety policy
<p>d. Managing impacts</p>	<p>No significant incidents occurred during the financial year 2023/24, and only 07 minor injuries were reported. Therefore, no lost workdays were recorded.</p> <p>How we manage health and safety related impacts</p> <ul style="list-style-type: none"> • Pre-employment health screening for factory workers by qualified medical officers. • All regulatory health and safety standards are maintained in all our facilities • Implementing occupational health and safety management system (ISO 45001:2018) • Health & safety training for executives/staff and labor force • Provided Personal Protective Equipment (PPE) to all our employees • Executives are covered with a Personal Accident Insurance Cover • Executives are covered with Surgical and Hospitalization Insurance • Workers are covered under the Workmen’s Compensation Act and receive medical Incentives • We introduced an accident & near-miss policy for workers in partnership with a leading insurance company. • Trainings from external sources such as Red Cross, for to all categories of manual workers. • Annual Medical Tests are carried out for factory workers and agro chemical sprayers • We have set up an Emergency Response Plan to handle Health and Safety Issues



e. (i) Tracking the effectiveness of the actions taken

Establish Metrics and Tracking Mechanisms, such as

- Define clear and measurable goals for training and medical examinations.
- Implement a system to track relevant metrics before and after interventions, such as:
 - Number of work-related injuries or illnesses
 - Absenteeism rates
 - Employee feedback on the usefulness and impact of training
 - Results of annual medical examinations, including any improvements in health indicators

(ii) How lessons learned are incorporated into policies and procedures

We have appointed qualified Estate Medical Assistant (EMA) to our estates. All injuries and their causes are verified, recorded and notified to management. Preventive measures are proposed, approved and adopted, and incorporated into the OHS procedures

a. How engagement with stakeholders has informed the actions

- Any recommendations/directions from regulatory bodies such as the Labor Department and Central Environmental Authority, on health and safety, are immediately adopted.
- Advice from accreditation bodies are implemented
- Consumer/customer requirements on ethical work place practices are adopted
- We encourage greater employee participation in hazard identification at our factories.
- We have also incorporated OHS as a key topic in our discussion forums with employee representatives. Stemming from this, we introduced a new accident cover policy for workers in partnership with a leading Insurance Company.

HUMAN CAPITAL

GRI 403-1 Occupational health and safety management system

<p>a. Whether an occupational health and safety management system has been implemented</p>	<p>HPL has a formal OHS training plan & occupational Health and safety system drawn up by an independent professional Occupational Health and Safety officer, and is based on holistic risk assessment of HPL's business model and value chain. As per the OHS plan:</p>
	<p>Each estate under HPL has a health and safety committee comprised of Estate executives, Factory officers, HRD staff, and manual-grade employees.</p>
<p>(i) Whether the safety system is because of legal requirements and, if so, a list of the requirements;</p>	<p>HPL's occupational health and safety management system complies with Sri Lankan labor regulations including:</p> <ol style="list-style-type: none"> 1. The Factory Ordinance No 45 of 1942 2. Workmen Compensation Act 3. Occupational Health and Safety Policy 2014 4. Compliance to MSDS criteria in Agro chemicals <p>In addition, our occupational health and safety management system incorporates international best practices in health and safety.</p>
<p>(i) Whether the safety system based on recognized risk management and/or management system standards/guidelines and, if so, a list of the standards/guidelines</p>	<ul style="list-style-type: none"> • ISO 45001 : 2018 • HPL's Occupational Health and Safety Plan was designed and implemented following a formal health and safety risk assessment conducted by a professional, independent health and safety specialist. • The safety system complies fully with Part ii and iii of the Factories Ordinance of Sri Lanka.
<p>b. Description of the scope of workers, activities, and workplaces covered by the occupational health and safety management system, and an explanation of whether and, if so, why any workers, activities, or workplaces are not covered.</p>	<ul style="list-style-type: none"> • All workers are covered by the OHSMS • Estate and factory workers who deal with machinery and agrochemical application have been categorized as high risk in terms of health exposure and provided with all required Personal Protective Equipment. • All high-risk workers are further required to present themselves for annual medical tests to verify their health status.

GRI 403-3 Occupational health services

Occupational health services play a crucial role in identifying and eliminating workplace hazards and minimizing risks. These services conduct regular assessments, provide health screenings, and implement safety protocols to ensure a safe working environment. The organization ensures the quality of these services through continuous monitoring, regular audits, and adherence to industry standards and regulations. Additionally, the organization facilitates workers' access to

these services by offering on-site clinics, promoting health programs, and ensuring clear communication channels for reporting concerns. This comprehensive approach helps maintain a healthy and safe workplace for all employees.

The organization ensures the confidentiality of workers' personal health information through strict data protection policies, secure storage, and limited access to authorized personnel. Employees are trained on privacy practices, and encrypted digital systems are used

to prevent unauthorized access. Regular audits and prompt corrective actions for any breaches further ensure compliance with privacy regulations, maintaining the protection of health data. The organization prioritizes confidentiality and privacy regarding workers' health information and participation in health services to prevent any biased treatment. This approach fosters a workplace culture centered on employee well-being, fairness, and trust.

GRI 403-4 Worker participation, consultation and communication on occupational health and safety

HPL has implemented Occupational Health and Safety (OHS) committees for each estate. These committees comprise Estate Executives, Factory Officers, Welfare Officers, and workers. Monthly committee meetings are held, during which discussions are conducted on OHS policies.

GRI 403-6 Promotion of worker Health

The organization actively supports its workforce's well-being by facilitating access to non-occupational medical services. Tailored programs provide seamless access to essential healthcare resources, including guidance on navigating healthcare systems, scheduling appointments, and information about

community services. This ensures prompt and effective support for employees' healthcare needs, fostering a culture of health and wellness.

- Medical Camp (104)
- Distributing Spectacles
- Health & Nutrition Programs
- OHS Training
- Awareness Sessions

The organization provides voluntary health promotion services to address non-work-related health risks, aiming to empower workers in maintaining their well-being beyond the workplace. These include fitness classes, nutritional counseling, stress management workshops, and smoking cessation programs, ensuring comprehensive support. Mechanisms like

clear communication channels, flexible scheduling, and awareness campaigns are in place to facilitate easy access and promote engagement among employees.

GRI 403-7 Prevention and mitigation of occupational health and safety impact directly linked by business relationships

The organization proactively addresses occupational health and safety risks associated with its operations, products, and services, particularly through business relationships. It recognizes the interconnectedness of risks, prioritizes effective measures, conducts thorough risk assessments, and implements preventive actions. This approach safeguards the well-being of all individuals involved or affected by its activities, fostering a culture of health and safety throughout its business network.

GRI 403-8 Workers covered by an occupational health and safety management system

i. The number & percentage of all employees and workers who are not employees but whose work and/or work place is controlled by the organization who are covered by such a system.	HPL is 100% covering all the employees. (3455)
ii. The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited;	Same as above
iii. a. The number and percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system that has been audited or certified by an external party.	32% of workers have been audited by an external party.
b. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.	N/A
c. standards, methodologies, and assumptions used.	ISO 45001:2018

HUMAN CAPITAL

GRI 403-9 Work-related injuries

a. For all Employees

The number and rate of fatalities as a result of work-related injury	Nil
The number and rate of high-consequence work-related injuries (excluding fatalities)	Nil
The number and rate of recordable work-related injuries	7 no of minor injuries were recorded. Rate is 0.2%
The main types of work-related injury	Wasp Attack Scratch

b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:

The number and rate of fatalities as a result of work-related injury	Nil
The number and rate of high-consequence work-related injuries (excluding fatalities);	Nil
The number and rate of recordable work-related injuries	Nil
The main types of work-related injury	Nil
The number of hours worked	Nil

c. d. e. f. g. Work-related hazards

a. The work-related hazards that pose a risk of high-consequence injury	Estate and factory workers who deal with machinery and agrochemical application have been categorized as high risk in terms of health exposure
i. how these hazards have been determined;	On the severity of damaged / injuries & occupational health and safety risk assessment.
iii. which of these hazards have caused or contributed to high-consequence injuries during the reporting period	Nil
vi. actions taken or underway to eliminate these hazards and minimize risks using the hierarchy of controls.	<ul style="list-style-type: none"> Personal Protective Equipment is provided Special shower stations have also been installed within each division to store PPE, chemical supplies and facilitate necessary clean up protocols after handling the chemical. All high risk workers have annual medical tests to verify their health status. Every estate has qualified medical assistants who provide first aid and basic medical treatment to workers in case of emergencies. Ambulances services are available at all our estates. All employees are required to undergo specific training inclusive of first aid and fire drill procedures which are conducted by qualified professionals from the Sri Lanka Red Cross society.

<p>d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.</p>	<p>Identification of Hazards: Our company has identified various occupational health and safety hazards such as manual lifting of heavy loads, lack of personal protective equipment, inadequate drinking water supply, and lockout procedures.</p> <p>Risk Assessment: We through research and assessments, risks associated with these hazards have been rated based on severity and frequency from the workers' perspective. This helps in understanding the level of risk posed by each hazard.</p> <p>Control Measures: Manual Lifting: Training programs on hazards and control of manual lifting have been implemented to reduce the risk of injuries from manual handling of heavy loads. As example we conducted health awareness meetings for pluckers.</p> <p>Personal Protective Equipment (PPE): Providing adequate PPE like gloves, goggles, and boots to prevent injuries from contact with sharp objects or hazardous substances. As example: - we conducted training program on occupational health and safety at Neuchatel & Frocester Estates.</p> <p>Drinking Water Supply: Ensuring a proper supply of drinking water to prevent dehydration and infections among workers.</p> <p>Lockout Procedures: Training on lockout procedures to prevent accidents and injuries related to machinery operation.</p> <p>Continuous Monitoring: Implementing a system for continued monitoring and evaluation of these control measures to ensure their effectiveness in reducing risks and improving occupational health and safety in our company.</p>
<p>e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.</p>	<p>N/A</p>
<p>f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</p>	<p>N/A</p>
<p>g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used</p>	<p>N/A</p>

HUMAN CAPITAL

3-3 Management of Material Topics

GRI 404: Training and Education 2016



LEARNING AND GROWTH

<p>a, b. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>Actual negative impacts were due to costs associated with training HPL employees as well as suppliers</p> <ul style="list-style-type: none"> • Potential negative impacts Out migration of trained, skilled labour is a loss in terms of time and funds • Health and safety risks due to lack of awareness on correct handling of equipment/machinery, vehicles agrochemicals and food health and sanitation during manufacturing • Potential loss of customers and revenue due to poor quality • Unnecessary wastage and other costs due to inefficiencies • High costs associated with training for compliance requirements for multiple international accreditations for quality standards, OHS and ethical standards. • Due to high labor outmigration, releasing available employees for training, impacts productivity • Potential negative impacts along the supply chain due to poor OHS and labor standards of suppliers • Cost of evaluating and training suppliers <p>Actual and Potential Positive Impacts</p> <ul style="list-style-type: none"> • Improved safety standards • Higher productivity • Less wastage • Cost savings • Maintain/improve product quality • Maintain food quality and safety standards (Ensure Maximum Residue Levels of black tea) • Better customer satisfaction • Introduce process and system innovations
<p>a. Policies or commitments regarding the material topic</p>	<p>HPL has a regular training calendar</p>
<p>d. (i) (ii) (iii) Managing impacts</p>	<ul style="list-style-type: none"> • The annual training calendar covered all HPL employees including the estate workforce. • Follow ups on trainings were held to evaluate effectiveness of the training • Employees were given scholarships and funding for education. • Employees are encouraged to subscribe to memberships in professional associations. • Plan training and resource personnel in line with accreditations • Plan training event to minimize work disruptions • Due diligence and training suppliers for conformity along the supply chain • We try to retain our trained employees through incentives and rewards programs • We conduct train the trainer programs to build inhouse training resources • Utilizing digital training wherever possible • Local resource personnel were used to mitigate costs

e. Tracking the effectiveness of the actions taken	<ul style="list-style-type: none"> The annual training plan is reviewed quarterly. Corporate Management monitors the program. We obtain feedback from the participants on how effective the training has been Appraisals are used to measure performance before and after training to identify improvements in performance.
(iv)How lessons learned are incorporated into policies and procedures	<ul style="list-style-type: none"> Training programs are continually updated, improved or newly created based on lessons learned Executives and staff are encouraged to share their learning and training experiences with their colleagues and the management. Training assignments also serve as an important tool for knowledge sharing.
f. How engagement with stakeholders has informed the actions taken	<ul style="list-style-type: none"> Product and service related feedback is obtained regularly from customers and buyers which are used to identify training needs and develop training programs Employee feedback on training needs are obtained during appraisals and from trade unions Feedback from universities and research institutions are used to provide training on modern scientific methods Feedback from regulatory bodies such as the Labor Department, are immediately adopted We also collaborate with leading external training specialists such as JESTICA, NIPM, ETP and Labor Department to implement technical, soft skill and leadership training for Executives/ Non-Executives and Staff. Such programs are usually followed by impact assessments to establish how the business is benefitting from these targeted interventions.

GRI 404-1 Average Hours of Training per Year, per Employee

a. Average hours of training that the organization's employees have undertaken during the reporting period,

During the current financial year we have invested above 6.6 Mn for Training & developments. We covered 24711 training hours for the year 2023/24 the following types of training were provided

Gender	Average Training Hours
Male	9
Female	5.5

404-2 Training during the Year

- Mechanical harvesting of tea and rubber
- Good agricultural practices
- NVQ level 03 tappers training program.
- Bio char training program
- Gender diversity and inclusion in the workplace for seal members.
- Cinnamon field operation training

- Discipline and labour tribunals training program
- Beekeeping training program
- Training on production of reusable sanitary napkins
- Training on demand side management activities for government buildings & plantations
- ISO 45000 training
- Training on forestry & wood management in plantation industry
- ISO 50001 training program "new solutions for low-emission food production in Sri Lanka
- 5s training

Overseas Training Programs

We provide advanced and specialized training in agriculture and business management through overseas training .

- Fair trade overseas training
- Praguna prawardhana overseas training program in Malaysia

- Study tour in Thailand conducted by japan Sri Lanka technical & cultural association

Health and safety training during the year

- Training for chemical sprayers
- Menstrual hygiene management awareness sessions
- Fire Drill training
- First Aid training with Red cross

GRI 404-3 Performance evaluation

All permanent employees face regular performance evaluations used to determine bonus entitlements, increments and also form the basis on which promotions are established, as well as to develop suitable training.

During the current financial year evaluations were conducted for all Non-Executive & Executive categories.

SOCIAL & RELATIONSHIP CAPITAL

While growing our business, we did not forget the vital importance of building our relationships with our key stakeholders to enhance mutual trust and understanding. In doing so, we continued to uphold the highest ethical standards as well as respect for human rights, while complying with all applicable regulations in dealing with various stakeholder groups.

We are pleased to report progress across all our stakeholder engagement activities that have contributed to quality of life improvements of all our stakeholders, and in particular our estate communities. This chapter describes our progress with regards to UNGC Principles on human rights and anti-corruption, as well as UNSDGs.



International commitments United Nations' Sustainable Development Goals

New Suppliers

140

Dental clinics

28

Nutrition Programmes

4



International Commitments



United Nations Global Compact (UNGC)



Sustainable Development Goals



Mother and Child Friendly Workplace



CEO Water Mandate

UNGC Child Rights and Business Principles Framework



As a responsible and ethical business, we continually invest in the welfare of our estate communities in terms of health, safety and nutrition, education and personal development, and economic opportunities. We have also established a number of welfare goals for our estate communities and progress in this regard is summarized below.

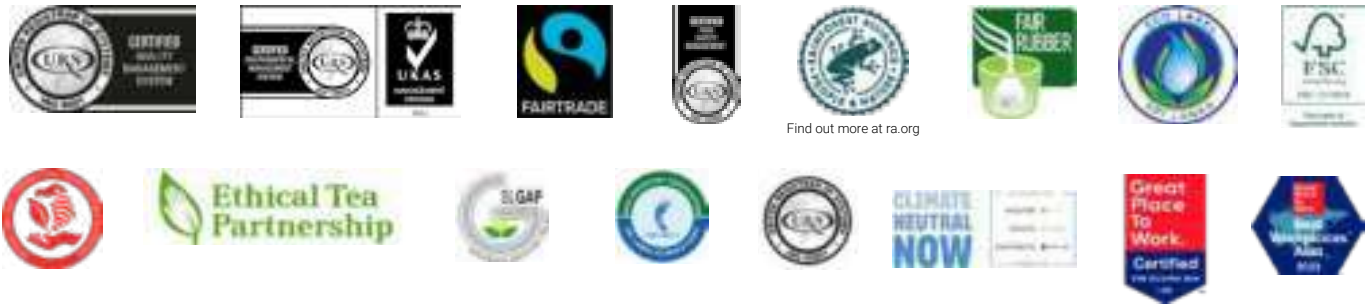
PROGRESS OF HPL'S SOCIAL SUSTAINABILITY TARGETS

Social targets for 2030	Progress to date
• Safe drinking water facilities for all family units	100% completed. (Tillicoultry water project, ADRA water projects, World Vision water projects)
• Individual sanitation units for each family	65 units constructed during the 2023/2024
• Open e-learning centers in all estates	1 in Alton Estate (Under Construction)
• Literacy rate of 90%	75%
• Zero school drop outs	For 31st march 2024 school drop outs were 0 . In 2022/23 FY school drop out were 15 (Survey conducted by ADIC)
• Open skill development centers in 3 regions	Upcot region – established 01 Lindula & Horana region – Work in progress
• Increase female representation by 50% in administration	2023/ 2024 = 32% 2022/ 2023 = 10%

SOCIAL AND RELATIONSHIP CAPITAL

OUR SOCIAL CREDIBILITY

Quality accreditation	Environmental Safety accreditation	Ethical business accreditations
ISO 9001: 2015	ISO 14001:2015	Fair Trade
ISO 22000:2018	ISO 14064-1:2018	Rainforest Alliance
HACCP	Eco Label	Fair Rubber
Chain of Custody (COC)	Forest Stewardship Council (FSC)	Ethical Tea Partnership
SL-GAP	Eco System Restoration	Mother and Child-Friendly Seal for Responsible Business
	Carbon Neutral Organization	ISO 45001: 2018
		Great Place to Work



PROGRESS OF UNGC COMMITMENT

UNGC Principle	HPL's status
UNGC Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	<p>HPL is fully compliant with all human rights laws in Sri Lanka, including any international human rights conventions ratified in Sri Lanka. The Company did not face any complaints, fines or penalties for violations of human rights during the year.</p> <p>• Child and mother's rights</p> <p>Under the Safe Haven program HPL has adopted the UNGC Child Rights and Business Principles Framework. Therefore, we have partnered with the Ministry of Women's and Children's Affairs and Save the Children Sri Lanka, to implement a Child Protection policy across all 14 estates and to create a safe working environment for working mothers. Demonstrating effective implementation HPL has received the Mother and Child Friendly seal for responsible business</p> <p>Digital app to report sexual harassment</p> <p>We implemented a digital app to report sexual harassment and child abuse, in the collaboration with Save the Children . Complaints can be directly reported to the Director/ CEO and higher management.</p>

UNGC Principle	HPL's status
	<p>Supplier Policy</p> <p>All our suppliers are required to comply with the following principles;</p> <ul style="list-style-type: none"> • No Child Labor • No Forced Labor • No Discrimination & Workplace Violence • No Mistreatment & Sexual Harassment <p>Customer rights</p> <ul style="list-style-type: none"> • A formal customer complaints mechanism is available • Number of customer complaints : 0 • Number of resolved complaints : 0 <p>Supplier rights</p> <p>A supplier grievance management process is available.</p>
<p>UNGC Principle 2: make sure the company is not complicit in human rights abuses.</p>	<p>Social Impact assessments</p> <p>We conduct social impact assessments, including gender impact assessments, for our estates every 5 years. with the help of external experts. Please visit https://www.horanaplantations.com/ to access these report</p> <p>International accreditations for ethical business</p> <p>We comply with international accreditations for ethical business practices and our operations are audited by external agencies for compliance, minimizing even inadvertent negative impacts on human rights</p> <p>Ethical business accreditations</p> <ul style="list-style-type: none"> Fair Trade Rainforest Alliance Fair Rubber Ethical Tea Partnership Mother and Child-Friendly Seal for Responsible Business ISO 45001: 2018 Great Place to Work
	<p>Preventing human rights abuses in the supply chain</p> <ul style="list-style-type: none"> • Suppliers are subjected to regular due diligence for continued alignment with accreditation standards and HPL business ethics. • From time to time, social and environmental impact assessments are conducted to identify potential negative impacts across our supply chain. Based on our findings, we offer guidance to suppliers to help them rectify shortcomings and improve their social and environmental credentials. We follow up and review, the implementation of recommendations via the due diligence process. • A total of 140 suppliers were subjected to social and environmental assessments in FY 2023/24

SOCIAL AND RELATIONSHIP CAPITAL

UNGC Principle	HPL's status
UNGC Principle 3: Businesses should work against corruption in all its forms, including extortion and bribery.	<p>We comply with all nationally applicable regulations, and we advocate respect for the rule of law and responsible citizenry throughout our Company and our estate communities.</p> <ul style="list-style-type: none"> • A strict code of conduct, including anticorruption, is communicated to all employees • All recruitments, rewards, and evaluations are conducted in a transparent manner <p>Procurement practices to prevent corruption</p> <ul style="list-style-type: none"> • We have Board approved, standardized, procurement process, with digital transaction capabilities that enhance transparency, traceability and merit-based contracts, while discouraging corruption and fraud. • All procurement activities are subject to regular internal audits. • Procurement practices have been developed based on industry best practices. • All procurement is done centrally, for transparency and quality controlling. • All selected suppliers are required to follow company policies and accreditation standards and agree to an annual audit by the management.

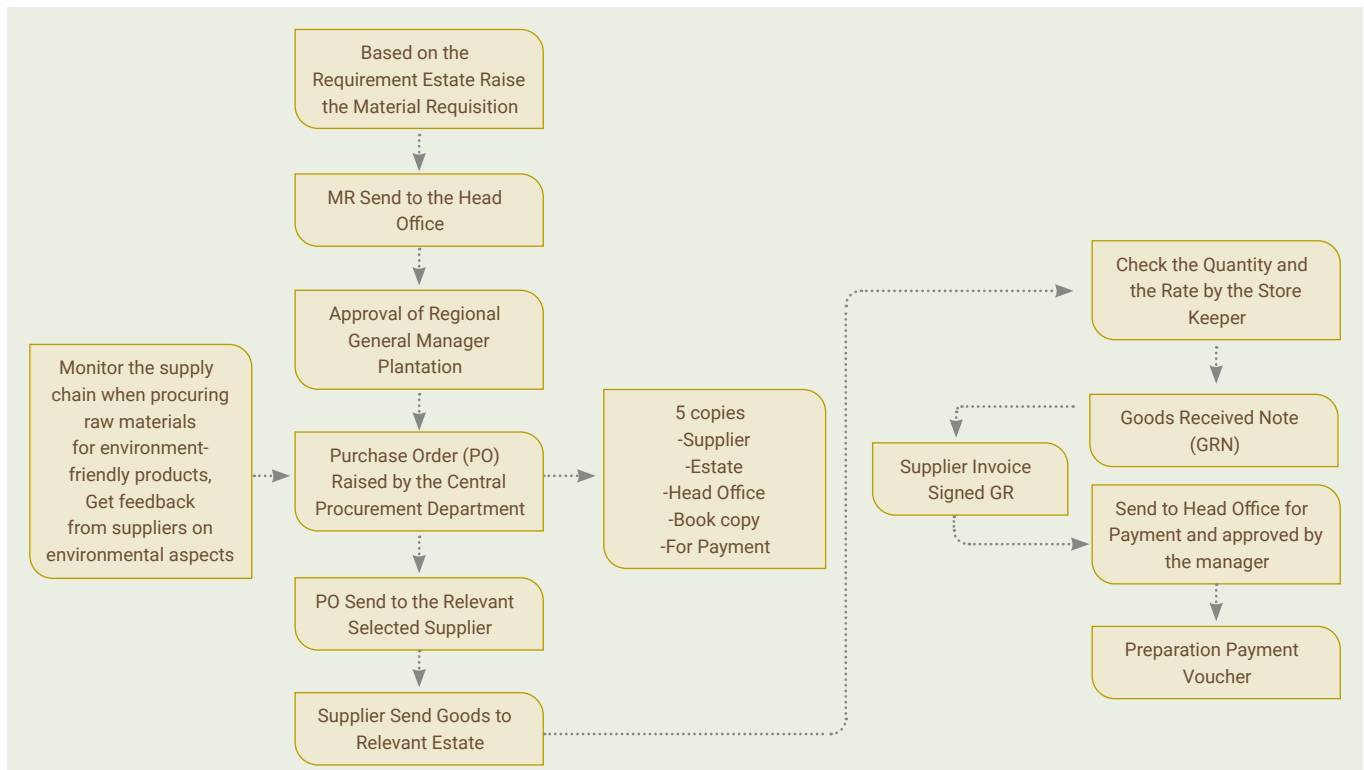
3-3 MANAGEMENT OF MATERIAL TOPICS

GRI 204: Procurement Practices 2016

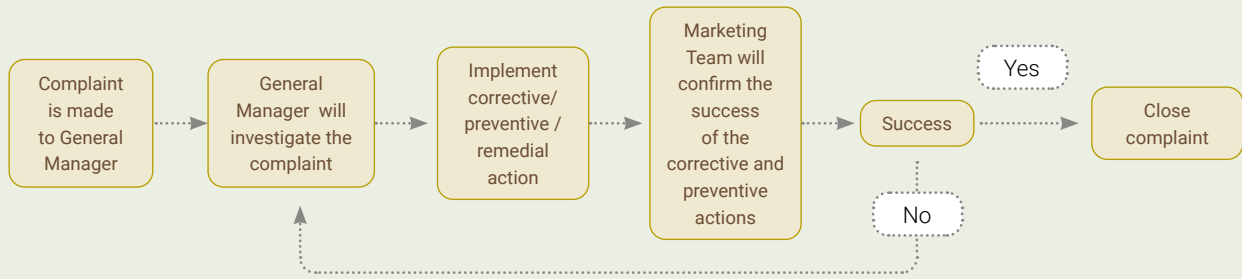


13.23 Supply chain traceability/

BEST PRACTICES ALONG THE SUPPLY CHAIN



<p>a. Positive and negative impacts on the economy, environment, and people, including impacts human rights</p>	<p>HPL's stringent procurement policies and practices described under UNGC Principles 2 and 3, prevent any significant negative environment, social and human rights violations.</p> <p>Positive impacts through our procurements include:</p> <ul style="list-style-type: none"> • Employment generation along supply chains and value creation for multiple upstream players • Support for local industries • Support estate communities with additional incomes by including them in our supply chain wherever possible • Customer safety and satisfaction, increase consumer trust and loyalty • Promotes sustainable sourcing of environmentally friendly materials and practices.
<p>13.23.1 Describe the rationale and methodology for tracing the source, origin, or production conditions of the products sourced by the organization (such as raw materials and production inputs purchased).</p>	<ul style="list-style-type: none"> • Monthly conduct traceability practice on input material • Maintain a centralized Database for supplier Details • Conduct supplier evaluations regularly, following the supplier evaluation policy
<p>b. Negative impacts through company activities or as a result of business relationships</p>	<p>There were no negative impacts reported during the year due to our procurement practices, or due to our business relationships.</p>
<p>c. Policies or commitments regarding the material topic;</p>	<p>Please refer chapter titled Strategies, policies and commitments</p>
<p>d. (i, ii, iii)Actions to manage the topic and impacts</p>	<p>(i) There were no negative impacts from our procurement activities reported during the year. However, suppliers or other stakeholders negatively impacted through our procurement activities can lodge a complaint with our Marketing Department.</p>



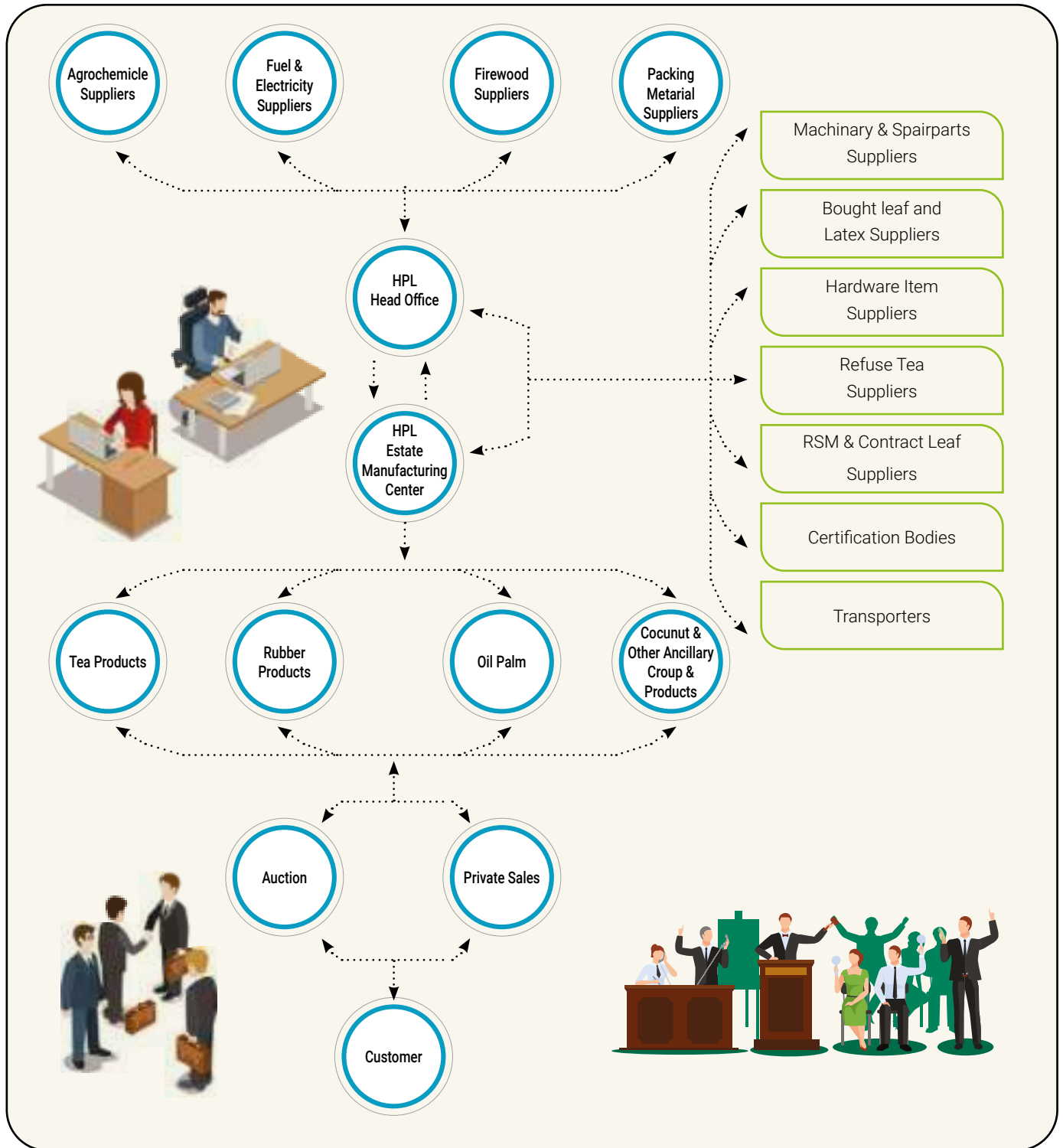
- (ii) Actions to prevent or mitigate potential negative impacts include:
- Supplier training on our sustainability policies and accreditation requirements
 - Supplier audits
 - Annual supplier evaluations

SOCIAL AND RELATIONSHIP CAPITAL

	<p>(iii) Actions to manage actual and potential positive impacts</p> <ul style="list-style-type: none"> • We encourage compliant suppliers through repeat purchases • We provide financial assistance to bought leaf suppliers • We encourage local suppliers through supplier awareness programs to enhance the quality and the service of the supply. • Regularly review and conduct cost-benefit analysis • Obtain certifications such as Fairtrade for suppliers to ensure fair wages and working conditions for workers
e. (i, ii, iii, iv) Tracking the effectiveness of the actions taken:	<p>(i) Processes used to track the effectiveness of the actions</p> <ul style="list-style-type: none"> • Regular internal audits • Annual independent external audits • Annually conduct supplier evaluations <p>(ii) Goals, targets and indicators used to evaluate progress</p> <p>Goal: Widen the local suppliers base to support more local producers and enhance domestic economic and environmental returns.</p> <p>Primary indicator: Number of local suppliers registered during the year (categorization – small, medium & large, and material suppliers and service suppliers)</p> <p>(iii) Progress toward the goals</p> <p>During the year the company registered 140 new local suppliers.</p> <p>(iv) Lessons learned and how they were incorporated into operational policies and procedures</p> <p>We take note of any quality variances in the supplies, different after-sale services, and supplier payment methods. These are evaluated and incorporated into the company's procurement procedures.</p>
f. How engagement with stakeholders has informed the actions taken	<ul style="list-style-type: none"> • Regular communications are maintained with suppliers and customers to understand their requirements • Feedback from customers are used to improve sourcing and product quality • We also take into account advice from accreditation agencies to maintain an ethical supply chain

GRI 204-1 Proportion of spending on local suppliers

a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).	Local purchases as a percentage of the procurement budget were 100%
The organization's geographical definition of 'local'.	HPL's country of operations - Sri Lanka
The definition used for 'significant locations of operation'.	Regions within the country of operations - Up Country Region - Low Country Region



SOCIAL AND RELATIONSHIP CAPITAL

3-3 Management of material topics

13.10 Food safety / **GRI 416:** Customer Health and Safety 2016



CUSTOMER HEALTH AND SAFETY

<p>a. Impacts on the economy, environment, and people, including human rights</p>	<p>As a producer of food HPL's production activities are highly regulated through both domestic regulations as well as international quality systems. Therefore, actual negative impacts did not occur during the current year.</p> <p>However, we take precautions against potential negative impacts such as:</p> <ul style="list-style-type: none"> • Legal repercussions on the Company including fines and penalties • Loss of Company/brand credibility and reputation • Loss of certifications and operating licenses • Customer health problems • Employee health problems <p>Positive impacts from our customer health and safety systems include:</p> <ul style="list-style-type: none"> • Ensure crops and products meet food safety standards • Customer health and safety • Efficient and safe production systems • Creation of value-added products • Environmentally friendly production • Increased market share
<p>b. Negative impacts through company activities or business relationships,</p>	<p>There were no negative impacts reported during the year with regards to customer health and safety from our operations or operations of our business partners.</p>
<p>c. Policies or commitments regarding the material topic;</p>	<p>Quality certifications and Food safety management systems</p> <ul style="list-style-type: none"> • ISO 22000: 2018 FSMS standards on food safety • HACCP • Compliance with regulations on food labelling requirements • Policy on Food Safety and Allergens <p>The policy is to make sure that black tea from our factories are free from physical, chemical and microbiological hazards and conform to the relevant statutory and regulatory requirements.</p> <p>• Maximum residue levels</p> <p>We stringently observe the maximum residue levels stipulated by Japan, USA & the EU. As per the Sri Lanka Tea Board requirements, HPL teas are tested regularly for maximum residue levels from accredited laboratories.</p> <p>• Marketing and Labelling</p> <p>Our teas are mainly sold in bulk form at the Colombo tea auctions and comply with the product labelling guidelines set out by The Sri Lanka Tea Board and Ceylon Tea Traders Association.</p>

d. (i, ii, iii) Actions to manage the topic and impacts

(i) Actions to manage impacts and mitigate potential negative impacts

- Employees are trained on product safety and quality
- Safety procedures are followed during customer/buyer visits
- Periodically check quality parameters to ensure product safety - Tea sample analysis (Physical, Chemical, and Microbial parameters)
- Conduct internal audits periodically
- We check the Maximum Residue Level (MRL) in both Tea & Rubber to ensure no harmful chemical impacts on customers
- We obtain and maintain health and safety certifications from recognized certification bodies
- Comply with certification requirements

(ii) Actions to address actual negative impacts

There were no negative impacts reported with regards to customer health and safety. However, we respond to any customer complaints.

(iii) Actions to manage actual and potential positive impacts

- Strictly enforce compliance with food safety standards
- Inform customers and buyers about safety standards
- Share test reports with stakeholders

e. (i, ii, iii, iv) Tracking the effectiveness of the actions taken:

(i) Processes used to track the effectiveness of the actions

- Regular quality checks on products from accredited laboratories.
- Regular feedback from consumers and stakeholders
- Tracking level of compliance with food safety regulations and accreditations, and identifying any deviations

(ii) Goals, targets, and indicators used to evaluate progress

1. Zero customer complaints on health & safety
2. Zero fines /penalties for non-compliance with food safety regulations and accreditation requirements
3. Zero fines/penalties on product labeling regulations

SOCIAL AND RELATIONSHIP CAPITAL

(iii) Progress toward the goals and targets

- We did not incur any fines, or penalties, for non-compliance with relevant regulations
- We did not receive any significant customer complaints, or rejection of our products, due to food safety concerns, or due to non-compliance with safety requirements specific to any particular customer.

(iv) Lessons learned and how they are incorporated into operational policies and procedures

There were no food safety-related concerns in the current financial year.

However, previous learnings through the above actions are incorporated into the production processes to prevent a recurrence.

f. How engagement with stakeholders has informed the actions taken

- Recommendations and regulatory guidelines from regulatory bodies, with regards to food/product health and safety are immediately implemented.
- Adopt any product labelling guidelines set by the regulatory bodies such as Sri Lanka Tea Board, Ceylon Tea Traders Association Regular communications are maintained with and customers to meet their requirements
- Any customer complaints or feedback is collected and responded
- Advice from accreditation agencies are always taken into consideration

GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services

HPL faced no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.



COMMUNITY AND LIVELIHOOD DEVELOPMENT

During the current financial year, Gouravilla estate also obtained Fairtrade certification, making it the third HPL estate to become Fair Trade certified, validating our ethical business model.

In total over 29000 men, women and children live in HPL estates and we conduct many social and economic welfare programs for them. While some welfare facilities are provided by the Company, others are delivered by partnering with both government and non-government organizations to channel both funding and specialized technical expertise.

3-3 Management of material topics

GRI 413 Local Communities 2016

13.12 Local communities

<p>a. Impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>GRI 413-2 Operations with significant actual and potential negative impacts on local communities</p> <p>None of HPL's operations have any actual or potential negative impacts on local communities and no such incidents were reported during the year.</p> <p>Actual and potential positive Impacts</p> <ul style="list-style-type: none"> • Improve housing and living of estate families • Improve health and education of estate communities • Instilling concepts of gender equality by changing traditional practices towards women • Direct and indirect employment opportunities for estate communities
<p>b. Whether negative impacts are through company activities or business relationships</p>	<p>There were no negative impacts through our activities or business partnerships. On the contrary, our community involvements with our partners have helped uplift estate communities.</p>
<p>c. Policies or commitments regarding the material topic</p>	<p>Please refer:</p> <ul style="list-style-type: none"> • Progress under UNGC Principles 1,2 and 3 above • Strategies, Policies and Practices chapter
<p>d. (i, ii, iii)Actions to manage the topic and impacts</p>	<p>(i) Actions to manage impacts and mitigate potential negative impacts</p> <p>It must be clarified that as a large Regional Plantation Company, HPL has many ongoing, as well as new projects for estate community welfare. Some of these projects are described at the end of this section. The Company is highly experienced in the delivery of community projects and has established systems and processes with dedicated personnel, to track these projects from the ground up.</p> <ul style="list-style-type: none"> • We partner with specialized government and nongovernment agencies in identifying, designing and delivering community projects to incorporate the required knowledge, skills and resource personnel, to conduct the project successfully. • We adhere to ethical certifications • Train our staff on social accountability concepts, gender rights and child rights • Women empowerment training programs • Awareness and training for members of the cooperatives and estate community committees • Awareness sessions conducted involving highly qualified professionals • Create children clubs, youth clubs, and volunteer clubs for capacity building development, skill development and improve community engagement

SOCIAL AND RELATIONSHIP CAPITAL

	<p>(ii) Actions to address actual negative impacts</p> <p>Structures for reporting and remedial actions are available through community committees and estate managers.</p> <p>(iii) Actions to manage actual and potential positive impacts</p> <p>Review mechanisms are available for all community activities involving multiple stakeholders. Activities and processes with positive outcomes are recorded and continued and also reused as part of the organization knowledge base.</p>
<p>e. (i, ii, iii, iv) Tracking the effectiveness of the actions taken:</p>	<p>(i) Processes to track the effectiveness of actions</p> <ul style="list-style-type: none"> • All community projects are continually tracked at the estate/community level and progress or problems are reported • Stakeholder meetings • Number of grievances or complains of the local community • Through questionnaires and surveys • Feedback from external stakeholders <p>(ii) Goals, targets, and indicators used to evaluate progress</p> <ul style="list-style-type: none"> • All community projects have clear specific targets set for different projects at project design • Clear budgets are set and approved for each project • Progress of projects are evaluated against targets <p>(iii) Progress toward the goals and targets</p> <p>Some community projects are ongoing while others have been concluded</p> <p>(iv) Lessons learned and how they are incorporated into operational policies and procedures</p> <p>Experiences from each different project is taken into account when designing new projects.</p>
<p>f. How engagement with stakeholders has informed the actions taken</p>	<p>Regular meetings with community representatives, and community committees provide information on how effective or not, our actions have been with regards to all our projects. Such feedback is used to adjust project delivery parameters in future.</p>

GRI 413-1 Operations with local community engagement, impact assessments, and development programs

Business operations with local community engagement

- Fair Trade/ Fair Rubber: HPL receives a premium for certified transactions from Fair Rubber/Fair Trade buyers. This payment is transferred directly to the estate’s Fair Rubber/Fair Trade welfare accounts and used for community initiatives.
- In the current financial year, Fair Trade premium was used to construct the reusable sanitary napkin production unit at Alton estate.
- Livelihoods and income generation

Under our Revenue Share Model, we buy tea leaves from out growers who account for more than 25% of our annual procurement spend. We also provide financial support for high-performing bought-leaf suppliers to help scale up their businesses in the form of a special credit line.

PARTNERSHIPS FOR DEVELOPMENT 2023-24



We have ongoing partnership projects for estate community welfare with:

Fair Trade	Plantation Human Development Trust (PHDT)
Fair Rubber	The National Labor Department
ADRA- Sri Lanka,	Rainforest Alliance
Oxfam Foundation	Women Development Center (WDC)
Farm Foundation	Save the Children
	Alcohol and Drug Information Center (ADIC)

Development activities 2023-24

Social welfare activity	No of Units
Dental Clinics & Oral Cancer Screening	28
New Houses built	15
Water Scheme	18
Electrification housing units	5
Sanitation - Toilets	65
Community Centers	01

HEALTHCARE & NUTRITION

13.9 Food Security



Home gardening and freshwater fish cultivation

We conduct home gardening and freshwater fish farming projects, across each of our estates. The objective is to mitigate malnutrition due to the rising cost of living, which is making it harder for estate families to afford nutritious food.

Abandoned lands within our estates were repurposed for cultivating vegetables. With the Ministry of Agriculture, The National Aquaculture Development Authority of Sri Lanka, and PHDT, we have implemented training programs facilitated by expert resource persons to educate estate families to cultivate vegetables in their home gardens. The company provides the seeds to families.

SOCIAL AND RELATIONSHIP CAPITAL



Freshwater Fish Cultivation



Seeds Distribution for Home gardening

Polyhouse cultivation

HPL has introduced Polyhouse cultivation in Tillicultry estates to safeguard the food security of estate communities in this financial Year. The current environment of high food prices has made estate communities vulnerable to inadequate nutrition. This project mainly focuses on food for the mid-day meal for children in Child development centers in up-country estates.



Polyhouse Cultivation



Access to safe water

- Rainwater harvesting ponds have been established in all estates to collect Rainwater
- Drinking water projects are implemented with the help of ADRA, World Vision, Rainforest Alliance, and the Fair-Trade Foundation.
- Introducing vegetative barriers to protect water sources prevent surface wash-off and Enhance water Quality.
- Map all water sources within estates and implement buffer zones surrounding water source areas
- Conducting periodic water quality testing.



Water Sources Map – Eildonhall Estate

Health and life insurance

All of our estate workers and their families are covered by health insurance provided by the Company. Additionally, we have introduced a life insurance policy in collaboration with Janashakthi Insurance.

Community health activities

- Children in HPL CDC's are provided free mid-day meals



Mid-Day Meals provided in CDCs

- An eye camp was conducted in Gouravilla estate, targeting the estate community in all 5 estates in Upcot (Alton, Gouravilla, Stockholm, Mahanilu, Fairlawn). Following the eye checkups, lenses and glasses were distributed to the patients.



Medical camp – Fairlawn Estate



Eye clinic – Gouravilla Estate

- A health screening program was held to test for dengue and hemoglobin levels, etc....
- Awareness sessions for mothers related to breast feeding was organized by estates and clinics for non- communicable diseases.
- Dental clinics and oral cancer screening was held with the participation of 974 members. As a result, one oral cancer patient was diagnosed from Fairlawn estate, who successfully faced surgery under Company guidance.



Dental clinic – UPCOT Region.



SOCIAL AND RELATIONSHIP CAPITAL

- Halwathura estate organized a blood donation program for their resident population with the involvement of its MOH. Halwathura estate also organized King Coconut (Thambili) donation program for patients at the Maharagama Cancer Hospital, Army Hospital and Police Hospital.
- Menstrual hygiene management awareness sessions were held for estate women in all three regions. Qualified doctors conducted the sessions.

Region and sessions	Total number of participants
Upcot – 4 sessions	446
Lindula – 4 sessions	305
Low country – 4 sessions	266



Menstrual hygiene management awareness sessions

EDUCATION SUPPORT

Estate Child Development Centers



Within our estates, we have 29 pre-school facilities. The total hours of practical sessions conducted during the current financial year was 215,820 hours.

The Company operates Child Development Centers and pays salaries of qualified child development officers who are experienced diploma holders. These pre-schools and day care centers take-in both girls and boys below 5-years of age and play a key role in the development of children of estate families.

Educational sessions with ADIC

To reduce alcohol-related problems in Upcot estates, a survey was conducted by ADIC using social mapping, questionnaires, interviews and focuss group discussions. Several interventions were held to educate target groups.

- Awareness sessions were held for managers, Asst. Managers, workers and estate community.
- Capacity building programs were done for estate HR teams
- Monthly online progress discussions were held with estate HR teams
- Formation of youth clubs, children clubs and volunteer clubs and organized programmes
- A coordinator from ADIC was appointed to stay in the estates, to closely monitor user families and to continue working with children, and youth in the divisions.

Poster campaigns with alcohol prevention messages were displayed, cultural events were organized. Children improved their self-confidence and showcased their talents and two magazines were published featuring their creations.

Stationery packs distribution

School stationery packs were distributed to school children in Alton and Stockholm estates by using Fair Trade funds. Youth empowerment

We facilitate sports training and vocational training events for our estate youth to enhance their knowledge in areas such as:

- Home Gardening
- Bridal & Beauty Care
- Computer Based Education
- Small Business Management
- Environmental Conservation

HPL also organizes leadership training programs for youth, encouraging them to take on leadership roles within their communities or educational institutions.

HPL promotes physical fitness and teamwork through sports and recreational activities. These initiatives contribute not only to physical health but also to the development of teamwork and leadership skills



Cricket Tournament organized by PHDT

HPL maintains an active youth club in each division of its estates that offers a range of initiatives to support the well-rounded growth of estate youth. In our estates,

Women Empowerment

In the current financial year, trainings were held for estate women, facilitated by Women's Development Center, Kandy on following areas,

- Re-usable sanitary napkin production
- Slippers production
- Envelop and paper bag production
- Candles and soap production
- Uniform stitching

Career Development Opportunities

HPL provides training programs, mentorship, and professional development opportunities (Information Technology) to support women in advancing their careers. This includes training in home gardening and self-employment for women who are unable to work in estates.

Financial Literacy Workshops:

HPL conducts workshops with the help of financial institutes, on financial literacy to empower women with knowledge about budgeting, savings, and investments. This equips them with the skills to make informed financial decisions and work towards financial independence.

Social events for estate communities

Horana Plantations PLC conducts annual programs to celebrate Women's Day, Mother's Day, Children's Day, cultural events, a pooja ceremony, and an appreciation lunch for the community.

NATURAL CAPITAL

HPL has made many commitments towards environmental sustainability under international sustainability initiatives in addition to Company policies, which the Company has continued to uphold.

The Natural Capital chapter presents a snapshot of our progress during the year, with regards to our international commitments, as well as our own internal environmental management targets towards achieving our vision to become Net zero by 2050.

Conservation Area

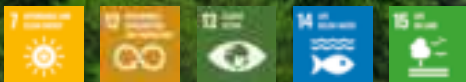
230Ha

Harvested Rainwater

66.3Mn L

Trees Planted

8,181



International commitments United Nations' Sustainable Development Goals



Environmental Vision 2050
To be Net Zero by 2050



United Nations Global Compact (UNGC)



UNGC CEO Water Mandate



Science-based targets (CDP, UNDP, World Resources Institute and the World Wide Fund for Nature)



Climate Neutral Now (CNN) from the United Nations Framework Convention on Climate Change (UNFCCC) signatory to CNN from 2020 on awards. 2022 latest achievement Gold, Silver, Bronze status for reduce, measure and contribute.



UN Sustainable Development Goals (SDGs)

PROGRESS OF OUR ENVIRONMENTAL TARGETS AS AT 31ST MARCH 2024

HPL environmental targets by 2030	Progress to date												
Carbon neutral tea production	Alton and Gouravilla garden marks were certified carbon neutral in 2023 by the Sri Lanka Climate Fund and produce Carbon Neutral Tea to the Market												
Rooftop solar units at all factories and bungalows	On-grid Solar: 5 Factory Rooftops (Alton, Stockholm, Fairlawn, Gouravilla, Mahanilu) Total capacity – 715 Kw Off-grid Solar: 18 units, total capacity – 80 Kw												
Generate 1,000 Mw of renewable energy annually	<table border="1"> <thead> <tr> <th>Type of renewable energy</th> <th>Total renewable energy 31st March 2024</th> </tr> </thead> <tbody> <tr> <td>Solar power</td> <td></td> </tr> <tr> <td>• On grid</td> <td>719,100 Kwh</td> </tr> <tr> <td>• Off grid</td> <td>61,193 KWh</td> </tr> <tr> <td>Hydropower</td> <td>330,639 KWh</td> </tr> <tr> <td>Total</td> <td>1,110 Mwh</td> </tr> </tbody> </table>	Type of renewable energy	Total renewable energy 31st March 2024	Solar power		• On grid	719,100 Kwh	• Off grid	61,193 KWh	Hydropower	330,639 KWh	Total	1,110 Mwh
Type of renewable energy	Total renewable energy 31st March 2024												
Solar power													
• On grid	719,100 Kwh												
• Off grid	61,193 KWh												
Hydropower	330,639 KWh												
Total	1,110 Mwh												
Shift 20% of vehicle fleet to electric vehicles/ low emission vehicles	Low emission vehicles - 5 %												

NATURAL CAPITAL

HPL environmental targets by 2030	Progress to date									
Increase organic fertilizer application by 50%	<table border="1"> <thead> <tr> <th></th> <th>Volume Kgs</th> <th>% of total requirement</th> </tr> </thead> <tbody> <tr> <td>Compost</td> <td>374,233</td> <td>20%</td> </tr> <tr> <td>Vermi wash</td> <td>3300 L</td> <td>2%</td> </tr> </tbody> </table>		Volume Kgs	% of total requirement	Compost	374,233	20%	Vermi wash	3300 L	2%
		Volume Kgs	% of total requirement							
	Compost	374,233	20%							
Vermi wash	3300 L	2%								
Alternative to Glyphosate	GOWEED bio herbicide applied to Tillicoultry and Stockholm as a experiment. (30 L applied)									
Recycle /Reuse 100% of inhouse waste	Alton reuse paper sacks to prepare paper gift bag									
Increase the conservation extent by 10%.	2023/2024 – 230 Ha 2022/2023 – 75 Ha									
Plant 500,000 native plants	Planted 8181 trees during 2023/2024 2022/2023 – planted 5322 trees									

While our 14 tea and rubber estates are primarily commercial plantations, our estates also accommodate large areas of forest cover and rich bio diversity, as well as surface and ground water systems. We are fully conscious of our responsibility towards the protection and upkeep of these finite and fragile natural resources. Therefore, the Company has developed a full range of environmental policies, in addition to good agricultural practices. As part of our environmental protection initiatives we invest large sums of money every year on the conservation of these natural resources.

ENVIRONMENTAL ACHIEVEMENTS IN 2023-24

- Declaration of 155 ha of regenerated forest cover as conservation area.
- HPL's REGROW project becomes the first reforestation project in Asia to qualify under the Eco System Restoration Verification standard

- Gouravilla and Alton garden marks offset their organization level GHG emissions and produced carbon neutral tea
- Frocester Estate was certified for Sri Lanka Good Agricultural Practices (SL-GAP) for fruits
- Gouravilla Estate certified under fairtrade



Off Grid Roof Mounted Solar



Tree Planting Programme

OUR NATURAL CAPITALS

The Company's 14 estates are spread over a total area of 6,519 ha, primarily in the Central and Western provinces of Sri Lanka.

Land extent	6,519 ha	
Cultivated	Tea- 1,950 Ha	Rubber- 996 Ha
	Oil palm- 250 Ha	Cinnamon- 88 Ha
	Coconut- 420 Ha	
Timber and Forestry extent	621 Ha	
Conservation Areas	230 Ha	
Water sources	<ol style="list-style-type: none"> 1. Maskeliya Starting from Fairlawn estate flows through Gouravilla, Alton, Mahanilu and Stockholm Estates to Maussakelle reservoir. 2. Kalu river Flows through the Forester and Neuchatel estates 3. The Fairlawn waterfall 4. Many small waterfall, natural ponds and marshes 	

PROGRESS OF UNGC COMMITMENTS UNDER ENVIRONMENTAL PRINCIPLES

UNDP Principle	Our response																														
UNGC Principle 7: Businesses should support a precautionary approach to environmental challenges;	International environmental accreditations																														
	<table border="1"> <thead> <tr> <th>Estate</th> <th>Certifications</th> </tr> </thead> <tbody> <tr> <td>Alton</td> <td>RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 45001:2018, Carbon Neutral, Eco system restoration verification</td> </tr> <tr> <td>Stockholm</td> <td>RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, , Eco system restoration verification</td> </tr> <tr> <td>Gouravilla</td> <td>RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 14001: 2015, ISO 45001:2018, Carbon Neutral, , Eco system restoration verification</td> </tr> <tr> <td>Mahanilu</td> <td>RA, Eco label, GHG Inventory Verification, , Eco system restoration verification</td> </tr> <tr> <td>Fairlawn</td> <td>RA, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 14001: 2015, ISO 45001:2018, , Eco system restoration verification</td> </tr> <tr> <td>Eildon Hall</td> <td>RA, Eco label, GHG Inventory Verification, ISO 22000:2018</td> </tr> <tr> <td>Tillicoultry</td> <td>RA, Eco label, GHG Inventory Verification, ISO 22000:2018</td> </tr> <tr> <td>Bambrakelly</td> <td>RA, Eco label, GHG Inventory Verification, ISO 22000:2018</td> </tr> <tr> <td>Neuchatel</td> <td>ISO 9001:2015, GHG Inventory Verification</td> </tr> <tr> <td>Frocester</td> <td>FSC&COC, ISO 9001:2015, Fair Rubber, GHG Inventory Verification, SL GAP</td> </tr> <tr> <td>Millakanda</td> <td>ISO 22000: 2018, GHG Inventory Verification</td> </tr> <tr> <td>Mirishena</td> <td>GHG Inventory Verification</td> </tr> <tr> <td>Halwathura</td> <td>GHG Inventory Verification, , Eco system restoration verification</td> </tr> <tr> <td>Hillstream</td> <td>GHG Inventory Verification</td> </tr> </tbody> </table>	Estate	Certifications	Alton	RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 45001:2018, Carbon Neutral, Eco system restoration verification	Stockholm	RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, , Eco system restoration verification	Gouravilla	RA, Fairtrade, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 14001: 2015, ISO 45001:2018, Carbon Neutral, , Eco system restoration verification	Mahanilu	RA, Eco label, GHG Inventory Verification, , Eco system restoration verification	Fairlawn	RA, Eco label, GHG Inventory Verification, ISO 22000:2018, ISO 14001: 2015, ISO 45001:2018, , Eco system restoration verification	Eildon Hall	RA, Eco label, GHG Inventory Verification, ISO 22000:2018	Tillicoultry	RA, Eco label, GHG Inventory Verification, ISO 22000:2018	Bambrakelly	RA, Eco label, GHG Inventory Verification, ISO 22000:2018	Neuchatel	ISO 9001:2015, GHG Inventory Verification	Frocester	FSC&COC, ISO 9001:2015, Fair Rubber, GHG Inventory Verification, SL GAP	Millakanda	ISO 22000: 2018, GHG Inventory Verification	Mirishena	GHG Inventory Verification	Halwathura	GHG Inventory Verification, , Eco system restoration verification	Hillstream	GHG Inventory Verification
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NATURAL CAPITAL

In addition to external certifications, HPL complies with the precautionary principles through:

1. Bio-diversity Assessments

We conducted bio diversity assessments and compiled species lists on all our estates with external expertise, in order to map our biodiversity richness. The assessments discovered many endangered and endemic species that require habitat protection for their future survival. We have responded by initiating reforestation programs and other initiatives to address these needs.



Birds and Insects



2. Environmental and Social Impact Assessments (ESIA)

HPL conducts an ESIA covering all estates to determine the social and environmental performance of each estate water quality, soil profile, air quality, waste footprint, biodiversity impact, as well as employment credentials, labor rights and other social considerations and their possible impacts on local communities. The findings of these assessments are evaluated by HPL's central sustainability team to making necessary recommendations for enhancing the positive impacts and minimizing the negative effects.

Our processing centers are ISO 14001: 2015 EMS certified for environmental management systems.

3. High conservation value forest assessment report.

To access full report please visit <https://www.horanaplantations.com/sustainability>

4. Manufacturing Precautions

- Boundary Noise levels, Indoor Environment Air Quality and furnace air emission, are checked annually, and maintained within acceptable levels.
- Steam boilers and leaf hoisters are licensed annually by a government registered boiler inspection engineer for optimum performance.
- All boiler operators have valid license to operate
- All employees are trained on correct handling and use of materials and equipment to minimize environmental damage

- All employees with the risk of physical and chemical hazardous are provided with PPE's



Personal Protection Equipment's usage

UNGC PRINCIPLE 8: UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY;

- Regrow project - HPL collaborate with Wildlife and Nature Protection Society,
 - o HPL's habitat restoration project
 - o Restoration to protect aquatic areas
- Maintained peak ridge leopard corridor to conserve leopard population within estates
- HPL's partnership with the Ministry of Environment and the Ministry of Plantation Industries and UNDP Sri Lanka Project to Mainstream Biodiversity and Sustainable Land Management
- HPL's Green Planet tree planting program
- Restoration zones established using live plant species such as bamboo, Kumbuk, Mee, Galweralu, Thelkeena, Dawulkurudu, Kenda, Sapu, weralu.
- Environmentally harmful activities are prohibited in the restoration zones.



Awareness programme of Inversive Species

- Awareness training for Field Officers, Supervisors, workers and other stakeholders



- Introduce sustainable bamboo pots for replacing tea nursery polybags

- Implemented rainwater harvesting ponds to reduce water usage and minimize water pollution
- Inland fisheries in rainwater harvesting ponds to enhance aquatic ecosystem
- Frequently conduct animal traps removing programs
- Switch to 100% LED bulbs in all factories and office premises
- Produce reusable sanitary napkins in Alton estate to mitigate land fill waste
- Increase the extent of riparian buffer zones and chemical free zones in estates
- Introduce native shade trees to replacing introduced high shade plants
- From renewable energy initiatives (on-grid, off-grid solar, hydro) in 2023 HPL reduced 639.07 t CO₂-e
- Introduced proper E-waste management system - handed over E waste to CEA approved/ licensed authorities



Energy Review conducted by NCPC

- Implementation of ISO 50001: 2018 with collaboration of National Cleaner Production Centre in order to manage energy and reduce GHG emissions

UNGC PRINCIPLE 9: ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES.

1. MOU signed in 2023 with National Cleaner Production Center (NCPC) under the Promise Project to develop techniques for waste minimization and resource efficiency, in line with sustainable consumption and production.
2. MOU signed in 2023 with NCPC to develop new solutions for low-emission food production in Sri Lanka

3. MOU with Wayamba University on R&D for agriculture
4. Polyhouse Cultivation
5. Go Green Energy - Solar Project
6. Go Green Energy- Hydropower
7. Circular economy initiatives – Biochar project, Vermiwash project
8. Rainwater harvesting ponds
9. Green building concept – implement eco friendly female hygiene units and field rest rooms
10. Use IoT solution (Temperatures sensors) for monitoring drying temperature in rubber factories
11. Monitor biomass moisture level through moisture meter during purchases in order to reduce wastage
12. To reduce vehicle fuel consumption, implement GPS tracking system – Track My Car - <https://gps.trackmycar.lk/>
13. To monitor solar generation introduced Sunny Portal - <https://ennexos.sunnyportal.com/dashboard>

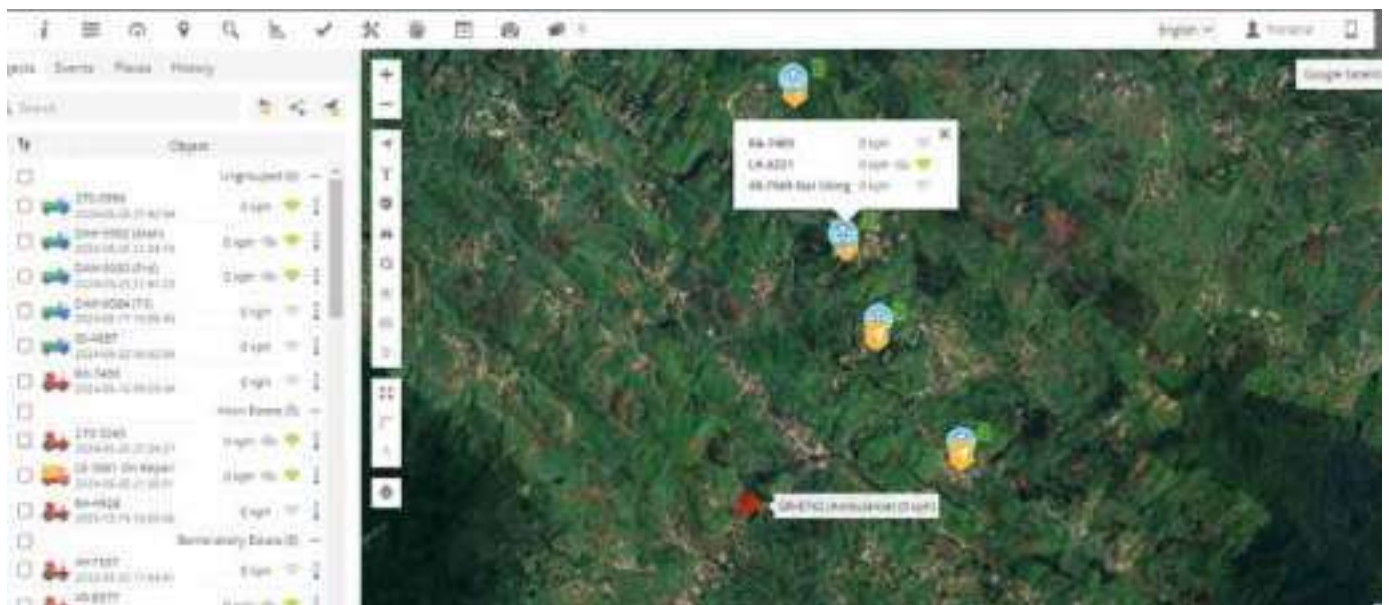
NATURAL CAPITAL



Polyhouse Cultivation - Tillicoultry Estate



IoT Temperature Monitoring System for Drying Towers



GPS Monitoring System

13.6 Pesticide Used

Integrated pest-management (IPM)

HPL maintains an IPM plan, which is based on ecological principles for the control of harmful pests. Therefore, it also gives priority to the use of physical, mechanical, cultural and biological control methods, and the least possible use of agrochemicals.

Minimum use of agrochemicals

Agro-chemical application is minimum at all estate of HPL. However, as a policy, HPL will not use any chemical banned by the Sri Lanka Pesticide Registrar General, Sri Lanka Tea Board and WHO. In the case of use, HPL will follow strict regulations on the justification of using particular chemicals, use of appropriate safety gear by the handlers and sprayers.

Further, HPL will support the integrated pest management approaches. Chemical use records will be maintained at all times by relevant offices. Introduced vermi technologies, Shakasara, bio char, compost, bio herbicides, as an alternative to glyphosate



ENERGY CONSERVATION AND RENEWABLE ENERGY

Managing energy consumption and energy diversification is important for HPL not only due to the rising costs of energy but also due to our commitment to become carbon neutral by 2030. We have already initiated a number of renewable energy projects to transition the Company from fossil fuels to more environmentally sustainable energy options.

3-3 MANAGEMENT OF MATERIAL TOPICS

GRI 302: Energy 2016

<p>a. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>Actual and Potential Negative Impacts</p> <p>Negative impacts are due to the use of fossil fuels in manufacturing, that contribute to climate change, global warming and air pollution.</p> <p>Actual and potential positive impacts</p> <p>Transitioning to renewable energy sources to reduce energy dependency, lower energy costs and GHG emission reductions</p> <p>2023/2024 renewable energy consumption = 89%</p> <p>2022/2023 renewable energy consumption = 86%</p> <p>GHG Emission reductions = 639 tCO₂e</p>
<p>b. Whether the organization is involved with the negative impacts through its activities or as a result of its business relationships</p>	<p>Negative impacts are due to HPL's manufacturing activities and other business operations such as transport, use of electricity in office spaces etc..</p>
<p>c. Policies or commitments regarding the material topic</p>	<ol style="list-style-type: none"> 1. United Nations Global Compact (UNGC) 2. UN Sustainable Development Goals (SDGs) no 7. 3. ISO 50001: 2018 implementation stage 4. Climate Neutral Now (CNN) 5. Science-based targets 6. GHG inventory verification 7. Carbon neutral certification - quantified and verified from Sri Lanka Certified Emission Reductions plus (SCER+) and registered under Sri Lanka Carbon Crediting Scheme (SLCCS)
<p>d. (i) Actions to prevent or mitigate potential negative impacts</p>	<p>Please see below for programs to address negative impacts</p>

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<p>(ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;</p>	<ul style="list-style-type: none"> • Improve energy efficiency by implementing ISO 50001:2018 with the consultation of National Cleaner Production Centre (NCPC). • Successfully conducted an energy review in Gouravilla tea factory. • Replaced old panel boards with new ones to improve energy efficiency • Installed VFD controllers to control fan speed. • Control biomass moisture level continuous monitoring by using moisture meters. • Usage of bicycles in order to minimize fuel usage. Purchase new bikes which consume low fuel for its usage. • Increased participation of trainings and awareness sessions related to energy management. Example – ISO 50001 training program – new solutions for low emission food production in Sri Lanka. <p>Go Green Energy</p> <p>HPL implemented Grid-connected and off-grid Rooftop Solar PV Projects at Upcot-Maskeliya, Lindula and Horana regions. Under this project, it is planned to install 58 solar PV systems in 2030, actual implemented 23 solar pv systems up to now – total capacity 795 KW located at 14 estates.</p> <p>As at end of the current financial year, the solar PV projects comprised 784597 Kwh Two mini hydro power plants also came online in 2023 in Fairlawn and Bambarakelly estates which has increased the hydropower capacity by 120Kw. Currently we are using this only for internal usage but planned to supply to the national grid in near future.</p>
<p>(iii) actions to manage actual and potential positive impacts</p>	<ul style="list-style-type: none"> • Implementation of ISO 50001:2018 with collaboration of NCPC • To achieve 2030 target we are going to invest to rebuild Mincinglane mini hydro unit which total capacity of 75 KW. (Expand our mini hydro projects) • Diversifying energy sources and reducing reliance on fossil fuels can mitigate risks associated with energy price volatility • Embracing energy efficient technologies – install VFD
<p>e. Tracking the effectiveness of the actions taken</p>	<ul style="list-style-type: none"> • Solar generation is tracked through SUNNY PORTAL • Daily monitoring of hydro power generation • Monthly comparison analysis report prepared for solar generation • Drying tower temperature heat monitored through an app - https://dialog.althinect.io/admin/login
<p>f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</p>	<ul style="list-style-type: none"> • Daily solar generation communicated through HPL Solar Whatsapp group • Monthly energy related data upload to Hayleys CUBE Portal

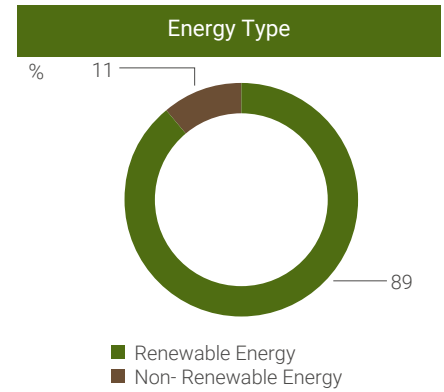
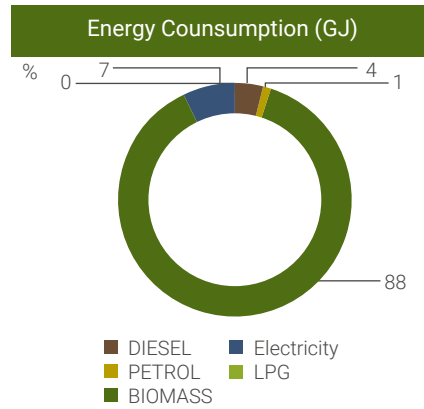
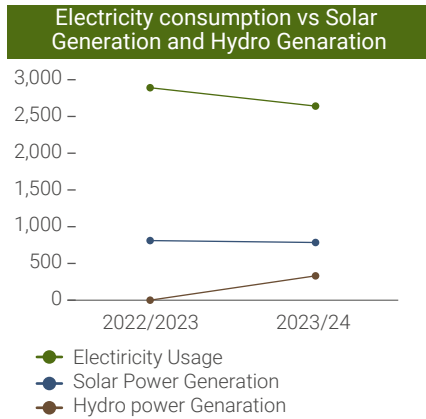
GRI 302-1 Energy consumption within the organization

a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.	2023/2024 = 6946 GJ 2022/2023 = 7063 GJ
b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.	2023/2024 = 133554 GJ 2022/2023 = 108321 GJ
c. In joules, watt-hours or multiples, the total:	
i. electricity consumption	2023/2024 = 9508 GJ ,2022/2023 = 9849 GJ
ii. heating consumption	2022/2023 = 133,554 GJ, 2022/2023 = 108,321 GJ
iii. cooling consumption	-
iv. steam consumption	-
d. In joules, watt-hours or multiples, the total:	
i. electricity sold	2588 GJ (2023/2024)
ii. heating sold	-
iii. cooling sold	-
iv. steam sold	-
e. Total energy consumption within the organization, in joules or multiples.	2023/2024 = 151,419 GJ 2022/2023 = 125,234 GJ
f. Standards, methodologies, assumptions, and/or calculation tools used.	ISO 14064-1 : 2018 1 kWh = 0.0036 GJ 1 MJ = 0.001 GJ
g. Source of the conversion factors used.	IPCC AR 6 (2023) https://www.ipcc.ch/assessment-report/ar6/

GRI 302-4 Reduction of energy consumption

a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. (excluding reductions from reduced production capacity or outsourcing)	Total reductions = 1361 GJ
b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.	776 GJ reduction from grid electricity compared to 2022/2023 585GJ reduction from diesel consumption compared to 2022/2023
c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.	Year 2022 / 2023 Reason = We consider all 14 estates for GHG Inventory verification (according to ISO 14064-1 standard) from 2022/2023 onwards
d. Standards, methodologies, assumptions, and/or calculation tools used.	ISO 14064-1: 2018 standard 1 KWh = 0.0036 GJ 1 MJ = 0.001 GJ
e. Is energy reduction estimated, modelled, or sourced from direct measurements. If estimation or modelling is used, disclose the methods used.	Source from direct measurements

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REDUCING EMISSIONS



During the current financial year, HPL marked 2 significant milestones in its journey towards carbon neutrality by 2030:

- HPL's rooftop solar project was registered under the Sri Lanka Carbon Crediting Scheme
- Gouravilla and Alton factories certified as carbon neutral under Sri Lanka's certified emission reduction plus by the Sri Lanka Climate Fund
- 22 rainwater harvesting ponds in HPL are used to sink carbon through the use of microalgae that absorb atmospheric carbon dioxide at an unparalleled rate

3-3 Management of material topics

GRI 305 Emissions 2016

a. Actual and Potential Negative Impacts

Negative impacts include air pollution, global warming and climate change. Please refer the emissions summary below for emissions during the year. During the year, extreme weather conditions reduced labor productivity, which had an economic impact.

Emission Source	Total (tCO ₂ e) 2023
Total Direct Emission (Round-up)	3,380
Category 1: Direct GHG emissions in tonnes CO ₂ e	3,379.56
1.1 Direct emission from stationary combustion	923.74
Operation of on-site diesel generators	54.58
Firewood Combustion	860.37
LPG Consumption	8.79
1.2 Direct emission from mobile combustion	417.59
Company owned diesel vehicles	174.74
Company owned petrol vehicles	27.20
Company owned off road vehicles(Diesel)	147.91
Agricultural Machineries (Petrol)	67.74

Emission Source	Total (tCO ₂ e) 2023
1.3 Direct emission from the release of GHG's in anthropogenic systems	2,038.23
CO ₂ emission from Urea application	405.27
CO ₂ emission from Dolomite application	240.00
N ₂ O emissions from Nitrogenous Fertilizers	1,149.24
Waste water generated	243.60
CO ₂ fire extinguishers	0.12
Total Indirect Emission (Round-up)	1,709
Indirect GHG emissions in tonnes CO ₂ e	1,709.26
Category 2: Indirect GHG emissions from imported energy	1,130.33
Purchased electricity	1,130.33
Category 3: Indirect GHG emissions from transportation	96.35
Final Product Transport	29.20
Packing Materials Transport	4.10
Firewood Transport	50.77
Fertilizer Transport	12.29
Category 4: Indirect GHG emissions from product used by the organization	373.50
N ₂ O emissions from Nitrogen Volatization	114.92
N ₂ O emissions from Nitrogen leaching & run-off	258.58
Category 6: Indirect emissions from other sources	109.07
Loss of grid energy in transmission & distribution for supplying purchased grid electricity	109.07
Total emissions in tones CO₂e	5,089

ACTUAL AND POTENTIAL POSITIVE IMPACTS

- Carbon cycle balancing positively contributes to economic growth, as CO₂ emissions indirectly support photosynthesis in plants which results in higher yields
- By addressing emissions, HPL drives innovation and technological advancements to mitigate emissions and lead to produce carbon neutral tea to the market.
- Through the HPL reforestation programs we protect ecosystem, biodiversity, improve air quality and ultimately mitigate climate change.
- Carbon (C) sequestration programs like HPL Regrow and Green Planet tree planting programs, which capture above ground and below ground carbon, are necessary to reach the UNFCCC Paris Agreement targets and limit the global average temperature increase to well below 1.5°C. Planting trees is an effective way to capture carbon.
- Addressing emission reduction measures, HPL promotes the right to health by reducing respiratory diseases and other health issues among estate community.

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b. Whether the organization is involved with the negative impacts through its activities or as a result of its business relationships	HPL is actively cutting down its emissions. No new, significant negative impacts were reported through our activities or business partnerships during the reporting period.
c. policies or commitments regarding the material topic	<ul style="list-style-type: none"> • UNSDG 13 • Climate Neutral Now (CNN) • Science-based targets • HPL comply with GHG Inventory Verification – ISO 14064-1: 2018 • ISO 14001:2015
d. (i) actions to prevent or mitigate potential negative impacts	Please refer HPL's ongoing programs below to address negative impacts
(ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;	<ul style="list-style-type: none"> • Shift from non-renewable energy to renewable energy – Solar and Hydro power plants • Shift to electric vehicles, Purchased low emission bikes • The 22 rainwater harvesting ponds with microalgae absorb atmospheric carbon dioxide and removes gigatons of carbon through photosynthesis. The capacity of 22 rainwater harvesting ponds are 23 acre-foot • From renewable energy initiatives (on-grid, off-grid solar, hydro) in 2023/2024 HPL reduce 158 t CO2e when compared with 2022/ 2023. • Under HPL REGROW project Planted 8,181 trees during 2023/2024 • Under the Green Planet tree planting program planted 5,322 native trees • Planted 30,000 shade trees during the year 2023/2024
(iii) actions to manage actual and potential positive impacts	<ul style="list-style-type: none"> • Increase compost production • Vermi-compost and Vermi-wash production • Expand the weed buy-back system • Increase reforestation programs

e. Tracking the effectiveness of the actions taken

Processes used to track the effectiveness of the actions;

- Annually conduct carbon footprint calculations
- Measure the GHG emissions associated with each estate's operations
- Conduct ecosystem reforestation verification
- Conduct energy review
- Conduct emission and air quality test annually

Goals, targets, and indicators used to evaluate progress;

Targets under the energy management policy

Target	Status as at end-March 2024
• Reduce carbon emissions associated with energy consumption by 50% by 2030	Total reduction to date is 639 t CO2 e
• Carbon neutral our products by 2030	2 out of 8 tea garden marks are now carbon neutral
• Install solar panels to all factory rooftops by 2030	Out of a total 12 factories 5. have solar panels installed
• Switch to 100% LED bulbs by 2024	100% achieved
• 50% Reduction of Chemical fertilizer usage by 2030	22% total requirement fulfill by organic fertilizer (compost and Vermi technologies)
• Reopening of Fairlawn Hydropower Plant	Achieved. Generation 2023/2024 = 308 MWh
• Installing of Variable Frequency Drivers(VFD) to factories by 2027	7.% of requirement has been met
• Construction of Rainwater Harvesting ponds in each division by 2026	Out of 51 divisions rainwater ponds have been built in 22 divisions

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	<p>Effectiveness of the actions, including progress toward the goals and targets;</p> <ul style="list-style-type: none"> • Monitor organizational level GHG emissions annually. Also see above table with status of targets • Conduct ecosystem reforestation verification audits • Conduct energy review • Conduct emission and air quality test annually <p>Lessons learned and how these have been incorporated into the organization's operational policies and procedures;</p> <ul style="list-style-type: none"> • Learnings from carbon footprint management is incorporated into business processes in the form of investing in renewable energy, composting, replanting programs etc... • Learnings from ISO 50001 are incorporated into business process by reducing organization energy consumption • Improve efficiency by applying IoT based solutions for rubber processing
f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	<ul style="list-style-type: none"> • Obtain advisory services from external experts on GHG Inventory preparation and published report annually • Annually submitted emission reductions, measures and contributions to the Climate Neutral Now initiative under UNFCCC and published in the website • Engage with the Sri Lanka Climate Fund (SLCF) to get the verification • Engage with National Cleaner Production Centre for energy audits, energy reviews and ISO 50001 trainings • Engage with independent third party certified laboratories related emission testing

GRI 305-1 Direct (Scope 1) GHG emissions

a. Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent	3380 t Co ₂ e
(13.1.2) include land use change emissions if land is converted from one land use category to another, including natural ecosystem conversion.	
b. Gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.	CO ₂ , CH ₄ , N ₂ O
c. Biogenic CO ₂ emissions in metric tons of CO ₂ c. equivalent	Biogenic CO ₂ emissions are excluded from our GHG Inventory calculations
d. Base year for the calculation, if applicable	2023

(i) emissions in the base year;	3380 t CO ₂ e
(ii) the context for any significant changes in emissions that triggered recalculations of base year emissions	
e. Source of the emission factors and the global warming potential (GWP) rates used, or reference to the GWP source.	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2021) https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
f. Consolidation approach for emissions; whether equity share, financial control, or operational control.	Operational control
g. Standards, methodologies, assumptions, and/or calculation tools used.	Prepared in accordance with ISO 14064-1: 2018 Assessment covers GHG emissions sources of – Direct GHG emissions: Operations from on-site diesel generator, Firewood combustion, Company owned diesel vehicles, Company owned off-road vehicles (diesel), Agricultural machineries (Petrol), Company owned petrol vehicles, LPG consumption, Waste water generated, CO ₂ fire extinguishers, CO ₂ emission from Urea application, CO ₂ emission from dolomite application, N ₂ O emission from nitrogenous fertilizers.

GRI 305-2 Energy indirect (Scope 2) GHG emissions

a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ Equivalent	1130 t Co ₂ e
b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent.	Not applicable
c. If available, the gases included in the calculation; whether CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , or all.	-
d. Base year for the calculation, if applicable	2023
i. the rationale for choosing it;	Because we commenced GHG inventory and carbon foot print calculations for all 14 estates and identified new emission sources for the calculation from 2023 onwards
ii. emissions in the base year	1130 t CO ₂ e
iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.	None

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e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2021) Ceylon Electricity Board (CEB), Statistical digest (2022) https://ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf
f. Consolidation approach for emissions; whether equity share, financial control, or operational control.	Operational control
g. Standards, methodologies, assumptions, and/or calculation tools used.	ISO 14064-1: 2018 standard Each month each estate conducts a stock verification and confirms that all the used values are accurate. Manager/ Asst Manager of each estate is responsible for this verification and for all the invoice bills. By using this accurate data, GHG emissions were calculated according to the IPCC guidelines based on annual fuel usage

GRI 305-3 Other indirect (Scope 3) GHG emissions

a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO2 equivalent (13.1.4) include land use change emissions	579 t Co2e
b. If available, the gases included in the calculation; whether CO2 , CH4, N2O, HFCs, PFCs, SF , NF , or all	N2O, CH4, CO2
c. Biogenic CO2 emissions in metric tons of CO2equivalent	Biogenic CO2 emissions are excluded from our GHG Inventory calculations
d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation	Loss of grid energy in transmission & distribution for supplying purchased grid electricity, Upstream and downstream transport, Nitrogen volatilization, Nitrogen leaching and run-off
e. Base year for the calculation, if applicable, including	2023
i. the rationale for choosing it	Because we commenced GHG inventory and carbon foot print calculations for all 14 estates and identified new emission sources for the calculation from 2023 onwards
ii. emissions in the base year	579 t Co2 e
iii. the context for any significant changes in emissions that triggered recalculations of base year emissions	None
f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source	The greenhouse gas protocol: A corporate accounting and reporting standard, WRI/ WBCSD Sri Lanka Sustainable Energy Authority (SLSEA), National Energy Balance (2021) Ceylon Electricity Board (CEB), Statistical digest (2022)

g. Standards, methodologies, assumptions, and/or calculation tools used	<p>ISO 14064-1: 2018 standard</p> <p>Assessment was done based on, Indirect GHG emissions from imported energy – purchased electricity</p> <p>Indirect GHG emissions from products used by organization – N2O emission from Nitrogenous Vitalization, N2O emission from Nitrogenous leaching & run-off</p> <p>Indirect emission from other sources – loss of grid energy in transmission & distribution for supplying purchased grid electricity</p>
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GRI 305-4 GHG Emissions Intensity

For the year 2023/24, the GHG emission intensity was 0.0000238.

GRI 305-5 Reduction of GHG Emission

For the year 2023/24, the reduction in greenhouse gas (GHG) emissions amounted to 639 metric tons of CO2 equivalent (CO2e).



13.4 NATURAL ECO SYSTEM CONVERSION

Biodiversity protection

HPL’s biodiversity protection initiatives were expanded in the current financial year by partnering with the Wildlife and Nature Protection Society to launch one of the country’s largest reforestation projects, while continuing its ongoing conservation activities.

Natural Ecosystem Reforestation Project with the Wildlife and Nature Protection Society

Hayleys Plantation companies, including HPL, are signatories to MOU with Wildlife and Nature Protection Society (WNPS) to protect wild animals and plants and to co-operate on nature conservation and provide support for study and research concerning wildlife. Under this agreement HPL has committed to protect and develop forest eco system by implementing forest corridors, reforestation by re-planting etc...

During the current financial year HPL initiated one of the country’s largest reforestation projects to establish a forest corridor along the banks of the Maskeliya-Oya. The project coverage extends to 55 Ha that was identified and mapped out in the Upcot Valley to rehabilitate the Riparian ecosystem using native mountain plants such as *Macaranga peltata*, *Elaeocarpus montanus*, *Elaeocarpus serratus*, *Cinnamomum cassia (L.) J.Presl*, *Rhodomyrtus tomentosa*, and others. This project was initiated on the International Mountain Day 2023. As at end March 2024, a total of 8,181 trees were planted. Additionally, we have identified 100 hectares in Halwathura Estate to restore the natural ecosystem in the Low Country Region.

Green Planet tree planting program

Under this reforestation project our target is to plant 500,000 trees by 2030. Under green planet tree planting program, we have planted 5,322 plants. We have also planted 60,005 shade trees in 2022/2023 and 30,000 shade trees during 2023/2024 to prevent soil erosion, reduce the risk of earth slips, creates habitats for the birds and other species for nesting. The forest

includes timber to increase biodiversity within our plantations.



Shade Planting – Alton Estate

Project to Mainstream Biodiversity and Sustainable Land Management

HPL partners with the Ministry of Environment and the Ministry of Plantation Industries and UNDP Sri Lanka, in this project aimed at biodiversity conservation by improving land management practices in tea and rubber plantations areas in the wet climatic zones by managing our land areas coming under the project. The project is called the Partnerships and Innovative Financing to Mainstream Biodiversity and Sustainable Land Management in the Wet Climate Zones.

NATURAL CAPITAL

Goals	Objectives
Bio-Diversity Conservation	Restore and enhance the diversity of plant and animal species within the ecosystem
Habitat Restoration	Restore and create suitable habitats for native species
Erosion Control	Prevent and control soil erosion to maintain soil fertility and prevent sedimentation in water bodies
Carbon Sequestration	Enhance the ecosystem's capacity to sequester and store carbon
Climate Resilience	Increase the ecosystem's ability to adapt to climate change impacts
Water Quality Improvement	Improve the quality of water within the ecosystem
Economic Benefits	Generate sustainable economic benefits from restored ecosystems (e.g., ecotourism)



Bamboo Planting



Leopard Corridor

HPL's habitat restoration project

HPL's habitat restoration project nurtures a number of environment preservation action steps; including protecting existing forest patches, diversification of forestry patches, re-vegetation of under utilized and unutilized lands, developing home gardens as a refuge for native flora and fauna and establishment of habitat corridors along river banks, animal traps removing programs in the forests. In addition HPL implement measures to upkeep invasive species which are compete with native vegetation. As water resource management strategy HPL established

riparian beffer zones to improve water quality.

Leopard corridor

HPL's flagship biodiversity conservation initiative, the Peak-Ridge Leopard Corridor is designed to protect the leopard population and other endemic species in the Upcot region by creating a forest corridor spanning 18 km between Castlereagh and Maussakelle reservoirs. This corridor intersects HPL's Stockholm, Mahanilu and Alton estates extending to the Ballapennumgala forest reserve.

A Memorandum of Understanding was signed in February 2021 to help protect Leopards and other biodiversity on 18km mountain ridge between Castlereagh and Moussakelle reservoirs, near Ceylon Tea Trails and adjacent to the 224 sq km Peak Wilderness Sanctuary. This is a collaborative project between HPL, Biodiversity Sri Lanka, Dilmah Conservation and the Wilderness and Wildlife Conservation Authority. As continuation of this initiative awareness programs were conduct in order to protect and conserve leopard species. Recently, camera traps were fixed to capture leopard behaviors as an experiment purpose.

Biodiversity assessment : Lists of species

HPL's biodiversity assessments have identified and documented fauna and flora in two estates of the Upcot region in the Kalutara District.

Species	Assessment region		
	Upcot, Maskeliya	Neuchatel	Frocester
	Near the Peak Wilderness Nature Reserve, which is Designated UNESCO a World Heritage Site.	Kalutara district, extent 902 Ha.	Kalutara district at an elevation between 165 and 330 feet. 1196 ha
Fauna			
Mammals	18 small, medium and large mammal species, including 3 endemic species, Purple faced leaf monkey (<i>Trachypithecusvetulus</i>), Toque monkey (<i>Macacasinica</i>) and Loris (<i>Loris lydekkerianus</i>)	19 species of mammals including 3 endemics, out of which the Sri Lanka red slender loris (<i>Loris tardigradus</i>) is listed as vulnerable in the National Conservation Status (NCS).	Same
Birds	57 species inhabiting of which 7 endemic species, 7 migratory species and 5 rare species	66 bird species belonging to 35 families including 10 endemics. 3 species are listed as threatened in the National Red List. The Pied Bushchat (<i>Saxicola caprata</i>) is listed as Critically Endangered (CR)	Same
Reptiles	16 Tetrapod Reptiles including 3 endemic and 2 threatened species	16 species of reptiles belonging to 10 families, 2 identified as endemic species – The Sri Lanka Wolf Snake and the endangered Sri Lanka Krait	Same
Amphibians	14 species and 12 endemics, and rediscovery of Pseudophilautus leucorhinus which has not sighted for many decades in Sri Lanka.	6 species belong to 4 families, with 4 endemics, with one species identified as endangered	Same
Fresh water fish	Endemic Stone Sucker/ Gal Pandiya (<i>GarraCeylonensis</i>) a nationally threatened species of freshwater fish and native Malabar Danio Devariomalabaricus (Rathkailaya, Dankolasalaya)	13 species of fresh water fish from 8 families, of which 8 species are endemic and 4 endangered. 1 exotic fresh water fish species.	Same
Butterflies	21 species, 3 endemic.	44 species from 5 families, 6 endemics and 2 endemics identified as threatened species	Same

NATURAL CAPITAL

Species	Assessment region		
Dragonflies and Damselflies	9 species of dragonflies and damselflies. Including Red-Striped Thread tail and Mountain Reedling that are endemic.	8 species of odonats, one endemic	Same
Land Mollusks	6 species of exotic land mollusks, out of which 2 species are invasive.	-	-
Flora			
• Natural forests - 11 endemic species and 20 indigenous species.		97 species of flowering plants from 42 families,	
• Ravines- 35 species and few endemic and indigenous species		18 endemic plants.	
• Old timber forests- 19 indigenous species		3 endemics, 2 indigenous plants are listed as endangered.	
• Riverine forests - 34 species, including 11 endemic species and 16 indigenous species.		4 endemic plants identified as vulnerable plant species	
• Scrubland- poor in endemic and indigenous species but rich in exotic and invasive species, total of 8.		4 species of invasive Alien species and a potentially invasive alien species were recorded.	

3-3 Management of material topics

GRI 304: Biodiversity 2016

13.3 BIODIVERSITY

<p>a. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>Actual and Potential Negative Impacts</p> <p>HPL does not encroach on protected areas within our estates and is involved in active conservation activity to minimize losses of biodiversity. Therefore, no actual negative impacts on biodiversity in protected areas within our estates, were reported.</p> <p>However, potential negative impacts could include:</p> <ul style="list-style-type: none"> • Loss of biodiversity reduces the productivity of the ecosystem • Reduced biodiversity lead to ecosystem instability, making ecosystems more vulnerable to disturbances such as invasive species, diseases and extreme weather events. • Decreased biodiversity, increase costs for relying on ecosystem services. • Loss of biodiversity can increase the health risks.
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Actual and Potential positive Impacts

- Biodiversity within plantations, such as diverse crop varieties and agroforestry enhance soil fertility, pest control, resilience to climate change, leading to increase yields
- Environmental conservation
- Protecting of rare, threaten and endangered species
- Habitat creation and protection
- Sequester more carbon and mitigate climate change
- Increase the aesthetic value of properties
- Additional income generation from environmental values
- Reputational gains
- Partnership opportunities
- Improve the physical and mental well-being of estate people by providing recreational spaces, fresh air and opportunities for outdoor activities.

b. Whether the organization is involved with the negative impacts through its activities or as a result of its business relationships

No negative impacts through our activities or business partnerships were reported during the year.

- a. policies or commitments regarding the material topic
- MOU with Wildlife and Nature Protection Society (WNPS)
 - United Nations Global Compact (UNGC)
 - UN Sustainable Development Goals (SDGs).UN SDG 14, UN SDG 15
 - Member of Biodiversity Sri Lanka
 - Comply with ISO 14000 series
 - Comply with Forest Stewardship Council (FSC)
 - Ecosystem Restoration verification standard
 - Ecosystem Restoration Policy

Restoration will be maintained to protect the aquatic areas from erosion, pollution and other damages. Restoration zones will be established using live plant species such as bamboo and Kumbuk, and other native trees, water conservation plants as per the SAN parameters. Any environmentally harmful activity, such as road construction, operation of heavy machinery, waste disposal, chemical use, uprooting of large trees etc., will be prohibited in the restoration zones. The environment quality of the restoration zones will be further improved by planting suitable native species whenever possible. Field Officers, Supervisors, Workers and Contractors will be thoroughly aware of the restored zones and the activities that are banned in those areas.

NATURAL CAPITAL

d. (i) actions to prevent or mitigate potential negative impacts	<ul style="list-style-type: none"> • Educate employees and resident communities through awareness programs • Signing MOU with environmental leading entities • Closely work and get advices from environmentalists and experts in biology • Adopt biodiversity conservation efforts • Restoration – fighting against climate change • Tree planting programs • World Mountain Day and World Bamboo Day celebrated by engaging community and stakeholders
(ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;	No negative impacts reported
(iii) actions to manage actual and potential positive impacts	<ul style="list-style-type: none"> • Membership in biodiversity forums such as Biodiversity Sri Lanka and Wildlife and Nature Protection Society • Conduct biodiversity assessments and high conservation value assessments periodically. • Conduct ecosystem reforestation verification • With the collaboration of WNPS conduct baseline survey for migrated species identification • Maintain conservation areas, riparian buffer zones • Do collaborative projects to conserve biodiversity • Periodically conduct animal trap removing program
e. Tracking the effectiveness of the actions taken	<p>(i) processes used to track effectiveness of actions;</p> <ul style="list-style-type: none"> • Biodiversity assessment reports done by environment specialists to track the effectiveness of conservation. • First ever Asian Eco System Reforestation Verification done by Preferred by Nature. • Environment related audits (FSC, ISO 14001:2015, RA, Fairtrade, Eco label) conduct by independent external parties. <p>(ii) goals, targets, and indicators used to evaluate progress;</p> <ul style="list-style-type: none"> • Through biodiversity assessments, Identifying flora and fauna within the categories of endemics, endangered, vulnerable, near threatened and least concern. • Through eco system restoration verification consider the following goals to be fulfilled.

Goals	Objectives
Bio-Diversity Conservation	Restore and enhance the diversity of plant and animal species within the ecosystem
Habitat Restoration	Restore and create suitable habitats for native species
Erosion Control	Prevent and control soil erosion to maintain soil fertility and prevent sedimentation in water bodies
Carbon Sequestration	Enhance the ecosystem's capacity to sequester and store carbon
Climate Resilience	Increase the ecosystem's ability to adapt to climate change impacts
Water Quality Improvement	Improve the quality of water within the ecosystem
Economic Benefits	Generate sustainable economic benefits from restored ecosystems (e.g., ecotourism)

(iii) lessons learned and how these have been incorporated into the organization's operational policies and procedures;

- Recognized the importance of maintaining habitat connectivity by implementing landscape level planning and restoration initiatives such as wildlife corridors, reforestation to reconnect fragmented habitats.
- Lessons from activities have been used in developing eco system restoration activities and conservation activities
- Learnings from rainwater harvesting ponds (aquatic ecosystem) – “This diversity of ponds is reflected in the range of carbon sequestration rates found across the literature. One study found that small ponds sequester 79-247g of organic carbon per square meter annually, a rate 20-30 times higher than woodlands, grasslands and other habitat types (Taylor et al., 2019).” These studies help to achieve our environment targets of 2030 easily.

f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).

- We conduct stakeholder meetings regularly to discuss progress of the biodiversity initiatives and to get their ideas about to improve and mainly focused on conservation . In addition, we arrange training and awareness sessions with industry experts, stakeholders and local community.
- Participation of environment conservation and educational programs facilitated by various external industry experts.
- To educate stakeholders about our biodiversity efforts and actions taken to protect biodiversity, we have designed our product labels and hampers to share knowledge with them.
- Celebrate World mountain day and World Bamboo day by engaging with stakeholders

NATURAL CAPITAL

GRI 304-3 Habitats protected or restored

a. Size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals

Estate	Place	Extent
Upcot region	Alton, Stockholm, Fairlawn, Gouravilla, Mahanilu	55 ha
Alton	Upper division conservation Block	2 ha
Halwathura	Kahagala and lower division	100 ha
Bambrakelley	9TC-1	8 ha
Bambrakelley	Dell division	39 ha
Frocester	Bodhikanda	2 ha
Frocester	Govinna	6 ha
Mirishena	Wathurana	2.84 ha
Millakanda	New	2 ha
Hillstream	Wathurana	1 ha

External biodiversity assessments, Ecosystem Restoration Verification, Environment related audits have been conducted to verify protection activities

- b. Partnerships with third parties to protect habitat areas distinct from where the organization has overseen and implemented restoration or protection measures: HPL collaborates with the WNPS and follows the preferred by Nature Ecosystem Restoration verification guidelines
- c. Status of each area based on its condition at the close of the reporting period: All areas are in good condition without any loss of conservation extent. The total habitat restoration area in the financial year 2022-23 was 113 ha. This increased by 92% in the current financial year to 217.84 ha.



Conservation Area- Halwathura Estate



Sign Board – Halwathura Estate



Bamboo Planting in UPCOT

WATER CONSERVATION AND EFFLUENTS MANAGEMENT

Water is vital for HPLs operations as a cultivator and also for the health and wellbeing of the Company's large resident estate population. Therefore, HPL continued to educate employees and estate communities regarding the



vital importance of water conservation, as extreme weather incidents continued during the year. Water management committees in each estate are greatly supported for conserving water and

effluent management in respective estates. With community involvements HPL is also expanding ongoing water management initiatives to better manage climate change impacts on crops and communities.

3-3 Management of material topics

GRI 303: Water and Effluents 2018

13.7 WATER AND EFFLUENTS

<p>a. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>Actual and Potential Negative Impacts</p> <p>No actual negative impacts on the environment were reported due to HPL's business activities during the reporting period.</p> <p>However, potential negative impacts could include:</p> <ul style="list-style-type: none"> • Economy- High cost for management (comply with environment regulations, investments in effluent treatment), • Environment- Environment pollution, water quality degradation, Soil degradation, biodiversity loss, loss of habitats of aquatic ecosystem • People- Unsafe drinking water, health risks to nearby estate community through contamination of drinking water sources, water scarcity
<p>b. Whether the organization is involved with the negative impacts through its activities or as a result of its business relationships</p>	<p>Actual and Potential positive Impacts</p> <ul style="list-style-type: none"> • Economy: Increased production, partnership with external stakeholders – UNGC, ADRA, Rainforest alliance: receive funds for water conservation projects, • Environment: Rainwater harvesting ponds, create new aquatic eco systems, water conservation, improving ecosystem services such as water purification and flood control, carbon sequestration • People: Water availability, inland fishing, reduce the risk of waterborne diseases – enhance quality of life within estate community <p>No negative impacts were reported during the current financial year through our activities or business partnerships</p>
<p>c. Policies or commitments regarding the material topic</p>	<ol style="list-style-type: none"> 1. Adhere to Environment Protection Licence (EPL) under National Environment Act 2. United Nations Global Compact (UNGC) 3. UN Sustainable Development Goals (SDGs). UN SDG 6, UN SDG 14, UN SDG 3, UN SDG 13 4. UNGC CEO Water Mandate 5. Water conservation policy 6. SLS 614:2013 (Comply with drinking water standard)

NATURAL CAPITAL

d. (i) Actions to prevent or mitigate potential negative impacts	<ul style="list-style-type: none"> • Established and maintain effluent treatment plants • Training and awareness programs on water conservation for staff and estate communities • Continuous supervision and monitoring of water use and effluent disposal • Waste water treated through filtering system • Water pollution is mitigated through maintenance of buffer zones • Raising employee awareness in relation to handling chemicals, such as washing equipment and sprayers of chemicals in allocated places and disposing chemical bottles in an appropriate method. • Industrial wastewater generated during the manufacture of rubber is channeled to the wastewater treatment plant.
(ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;	No actual negative impacts during the year
(iii) actions to manage actual and potential positive impacts	<ul style="list-style-type: none"> • Regular water testing by accredited laboratories. Based on these water tests, corrective actions are carried out including proper waste water disposal through establishing waste water treatment plants. • We have implemented rainwater ponds. Water collected is diverted to plantations during the dry season apart from directed for the use of estate communities to fulfil their day-to-day water requirements. • We have also made water maps available on estates to locate water sprouts, streams, ponds and water tanks for conservation and management. • Implemented Riparian buffer zones and chemical free zones • Established estate wise water management committees • Treated water is tested in line with CEA parameters for pH, BOD (Biochemical Oxygen Demand), COD (Chemical Oxygen Demand) and TSS (Total suspended solids) before being channelled back for irrigation of our rubber lands. • To in line with standard parameters SLS 614: 2013 drinking water quality checked periodically by accredited laboratories • Implement vegetative barriers (Kumbuk) to enhance water quality • Annually update water maps to identify water sprouts, streams, ponds, water tanks for the easiness of conservation and management

Rainwater harvesting

Already 22 rainwater harvesting ponds have been commissioned at our upcountry and low country estates which has harvestable rain water capacity of 66.3 Mn L. Water collected in these ponds are diverted to plantations during dry seasons and also used by estate communities.

e. Tracking the effectiveness of the actions taken

i. processes used to track the effectiveness of the actions;

- Obtain waste water testing reports regularly through accredited laboratories.
- Drinking water quality tested according to the SLS 614:2013 standard by accredited laboratories
- Environment audits (FSC, RA, Eco Label)
- in accordance with the standards and criteria prescribed by The National environmental (Protection and Quality) Regulations No. 1 of 2008, . published in the gazette No 1534/ IB dated 01.02.2008 amended by gazette No.2264i17 dated 27.01.2022 and the National (Environmental noise Control) Regulation No.01 of 1996, published in the gazette No 924/ 12 dated 23.05 .1996.

ii. goals, targets, and indicators used to evaluate progress;

- Waste water Tested parameters: pH, COD, BOD, TSS, Fecal coliform count, Turbidity
- Drinking water tested parameters: pH, Turbidity, Sulphate, Nitrate, Sodium, free residual chlorine, fecal coliform
- We have committed to UNGC CEO water mandate. By endorsing we have committed to act across 6 key areas of water stewardship: direct operations, supply chain and watershed management, collective action, public policy, community engagement and transparency.
- Target: 100% treated waste water reuse for plantation operations, Harvest of 500 Mn Lts. of rainwater by 2030.

iii. the effectiveness of the actions, including progress toward the goals and targets;

- Maintain and even reduced effluents
- Increase implementations of drinking water and water conservation
- Investing in sustainable practices such as reforestation to protect water sources.
- Ecosystem quality enhancement and aquatic habitat generated through rainwater harvesting ponds
- Harvestable rainwater 2023/2024 – 66.3 Mn L
- Successful water conservation strategies
- Successful water recycling and reuse initiatives
- Regular monitoring and reporting on water discharge and water quality

iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures;

NATURAL CAPITAL

	<p>We have used the knowledge from our efforts to:</p> <ul style="list-style-type: none"> • Develop comprehensive water management plan which outline water usage, manage and implement water conservation strategies, and strategies for minimizing water pollution, • Reduce effluents and implement effective effluent treatment systems to ensure that waste water from our plantation operations is treated before discharge • Arrange awareness programs and training programs related to proper chemical handling procedures, water conservation practices • Recycle and reuse the water • Increase implementation of water conservation projects • More engagement with local communities and stakeholders for collaboration in water and effluent management efforts. • Develop contingency plans for responding to water related emergencies such as droughts, floods etc.
f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	<p>We obtain feedback from estate communities, unions/employees, NGOs and national regulatory bodies in implementing our water and effluent management strategies. The main stakeholders are:</p> <ul style="list-style-type: none"> • Central Environment Authority- Test water samples for EPL • NGOs- (ADRA, World vision, Farm Foundation- Water Projects) • Rainforest Alliance (RA) – Funds for water projects • PHDT- Provide new water Projects • Pradeshiya sabha - Water projects, Approvals for water projects • Worker Unions- Water project beneficiary list • Personnels from water management committee in each estate – responsible management of water resources within estates and directly connect with estate management and ADRA. • Third party accredited laboratories – for water quality testing

GRI 303-2 Management of water discharge related impacts

a. Minimum standards set for the quality of effluent discharge, and how these minimum standards were determined	We are fully compliant with all CEA guidelines - in accordance with the standards and criteria prescribed by the National environmental (Protection Quality) Regulations No. 1 of 2008, . published in the gazette No 1534/IB dared 01.02.2008 amended by gazette No.2264i17 dated 27.01.2022 and the National (Environmental noise Control) Regulation No.01 of 1996, published in the gazette No. 924/ 12 dated 23.05 .1996. regarding water discharge and effluent treatment.
a. How standards for facilities operating in locations with no local discharge requirements were determined;	No such locations. All HPL operational locations are under the CEA and all our operational locations are fully compliant with CEA guidelines and regulations.
b. Any internally developed water quality standards or guidelines;	All water quality standards and guidelines conform with National requirement

c. Any sector-specific standards considered;	No
d. Whether the profile of the receiving waterbody was considered	Yes. This aspect is covered by CEA guidelines on water and effluent discharge.

GRI 303-3/ 303-4/ 303-5 Water withdrawal, Water discharge and Water consumption

Hpl uses only surface water for our production processes , hence - In the 2023/24 FY HPL withderew, consumed, and discharged a total of 22555 m3



WASTE MANAGEMENT

HPL’s waste management strategy now extends well beyond safe collection and disposal of waste. HPL aim is to drive towards polythene free plantation. We have successfully introduced alternatives in order to reduce usage of plastic and polythene. We have invested in many circular economy initiatives that are now successfully converting byproducts and waste from manufacturing into useful inputs that are directly contributing towards cost savings. Progress of our circular economy initiatives are described below. Our circular economy approach aimed to connect our waste management projects with our sustainable agricultural practices. We want to turn waste into opportunity.

3-3 Management of material topics

GRI 306: Waste 2020

13.8 WASTE

<p>a. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;</p>	<p>Actual and Potential Negative Impacts</p> <p>Due to HPL’s stringent waste management systems, no actual negative impacts on biodiversity within our estates and in protected areas within our estates, were reported due to HPL’s business activities during the reporting period.</p> <p>However, potential negative impacts could include:</p> <ul style="list-style-type: none"> • Environmental pollution • Habitat destruction • Climate change due to emit greenhouse gases • Damages to ecosystems • High cost of management • Exposure to waste may having significant health risk to estate community • Regulatory impacts such as penalties, legal actions <p>Actual and Potential positive Impacts</p> <ul style="list-style-type: none"> • Waste reduction initiatives lead for cost saving • Resource recovery – organic waste repurposes for composting • Environmentally friendly and sustainable practices, • Enrich soil fertility by incorporation of compost, biochar • Reputational gains – attracting environmentally conscious stakeholders, investors, consumers etc. • Additional income from sustainable trade channels
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NATURAL CAPITAL

b. Whether the organization is involved with the negative impacts through its activities or as a result of its business relationships	No negative impacts reported during the reporting period due to HPL's actions or actions of our business partners.
c. policies or commitments regarding the material topic	<ul style="list-style-type: none"> • UNSDG 12 & 09 • Waste Management Policy <p>We are committed to minimizing waste production by employing Reduction, Re-use, and Recycling techniques at every stage of our operation. We ensure that all operations and activities are fully compliant with all current waste management legislation.</p> <ul style="list-style-type: none"> • MOU signed with National Cleaner Production Centre for implementing waste minimization and resource efficiency in line with sustainable consumption and production • Comply with environment certifications (ISO 14001:2015, ISO 9001:2015, FSC, Eco label, RA, Fairtrade) • Adhere to Environment Protection Licence (EPL) under National Environment Act
d. (i) actions to prevent or mitigate potential negative impacts	<ul style="list-style-type: none"> • Training for employees on waste management standards and regulations • Practicing waste segregation • Compost, Vermiwash, Biochar production from waste • Apply the 3R principles across operations • Periodic testing of water and soil • Conduct progress evaluations, waste assessments and reviews annually. • Obtain EPL and scheduled audits, corrective actions taken
(ii) actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;	No actual negative impacts
(iii) actions to manage actual and potential positive impacts	<ul style="list-style-type: none"> • Expand circular economy initiatives • Provide training on circular economy and 3R initiatives • Provide waste segregation bins. • Align factories with ISO 14001:2015. • Obtain 3rd party test report for parameters • Adhere to Environment Protection Licensing requirements from CEA. • Strongly adhere to 3R concept

	Reduce	Grid-Electricity consumption reduces through on-grid,off-grid solar and hydro and Implement energy management system
		Agricultural waste reduces through weed buy back system, composting, vermi technologies, shaka sara production, bio char production
		Reduce usage of non-degradable materials for female hygiene units and they have been developed by using bio degradable materials such as bamboo.
		Shift to sustainable packing materials by reducing non degradable packing materials
	Reuse	Machinery parts reuse
		Alton estate produce reusable sanitary napkin for the wellbeing of its female community - Disposable sanitary napkins pose environmental challenges due to their non-biodegradable nature therefore switching to reusable sanitary napkin is one way to mitigate these concerns
		Instead of polythene bags, we are using reusable bamboo pots for our tea nurseries
Recycle	Refuse tea use for composting Recycle water for estate operations	

NATURAL CAPITAL

e. Tracking the effectiveness of the actions taken

i. processes used to track the effectiveness of the actions;

- Check waste water samples through physical and chemical analysis
- Soil fertility improvement check - Soil sample parameters tested by Tea Research Institute and Rubber Research Institute (To check whether soil fertility has improved)
- Drinking water quality tested
- Environment related audits conducted
- Emission test conducted annually
- Energy review conducted
- Annually conduct GHG verification by Sri Lanka Climate Fund

ii. goals, targets, and indicators used to evaluate progress;

- Waste water Tested parameters: pH, COD, BOD, TSS, Fecal coliform count, Turbidity
- Drinking water tested parameters: pH, Turbidity, Sulphate, Nitrate, Sodium, free residual chlorine, fecal coliform
- Emission test parameters – GHG gases and other gases, ash, dust and suspended particles
- Energy review – target is reduction of energy wastage and identify potential cost saving paths
- GHG inventory Verification – quantify annual GHG emissions and measures taken to reduce emissions

iii. the effectiveness of the actions, including progress toward the goals and targets;

- We periodically check the waste water from accredited laboratories and maintain it below the hazardous levels
- We periodically check drinking water quality and ensure below the threshold level
- Non-renewable energy consumption reduced and increase renewable energy consumption through solar hydro power and biomass

iv. Lessons learned and how these have been incorporated into the organization's operational policies and procedures;

- Using our learning, we have implemented many circular economy initiatives and 3R practices involving our estate communities
- Through our resource recovery initiatives we strive our goals towards cost saving, environment benefits from waste reductions
- To achieve the target of polythene free plantation we have implemented sustainable alternations to reduce our plastic and polythene consumption. (Move to reusable sanitary napkins, reusable bamboo pots for tea nurseries, use sustainable product packaging etc)

f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	<p>We conduct regular meetings with employees, estate staff, estate communities to discuss progress and new initiatives</p> <p>Having meetings, visits and online survey with regulators and certification bodies to obtain feedback and advice on our ongoing initiatives.</p> <p>Regularly stakeholders visit to monitor the actions taken and progress (Buyers visit, PHI visit etc)</p> <p>Waste reduction initiatives and resource optimization assessment conducted by NCPC and report submitted. We have taken corrective actions as per their comments and submitted the implementation progress to the relevant parties.</p>
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GRI 306-2 Management of significant waste related impacts

a. Actions, including circularity measures, taken to prevent waste generation in the organization’s own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.

Circularity measures

o Weed-buy-back for composting :We have successfully operationalized a weed-buy-back system with our estate workers. The weed is then recycled into compost. We produced 374 t of compost from bought-back weeds and refused tea during the year 2023/2024 and incorporated all compost production to estate consumption.

13-5 Soil Health

o Bio Char Project : Biochar project is another carbon sinking project through our own agricultural waste. We are working with the PLANBOO organization (Swedish & New Zealand advisory team) to produce biochar and carbon credit to reduce the Company’s environmental impact and carbon footprint. The project commenced May 2022 in our low country estates and we derive biochar from biomass produced using our agricultural waste, rubber, bamboo and cinnamon sticks. By far, we have produced 10 t of biochar and we have used biochar as a soil amendment for our rubber, oil palm and cinnamon cultivations. As an expansion of this project we have implemented portable containers in order to increase biochar production.

o Vermi technology :We utilized globally accepted vermi technology; vermicompost and vermi-wash methods as an environmentally friendly alternative for synthetic fertilizer. A cost-effective method and an effective project for waste minimization, this nutrient and micro-organisms’ rich organic fertilizer has facilitated maintenance of healthy soil and improved yield in estates. Due to the significant amounts’ nutrients, vermi-compost and vermi-wash like vermitech

methods are globally accepted as environmental, social and economic friendly, feasible alternative to synthetic agricultural inputs. As a solution to the current fertilizer demand, HPL has been working with estate worker community to produce nutrients and micro-organisms’ rich organic fertilizer for maintain healthy soil and increase yield in estates. By far, we have produced 1800 L of vermi wash for our estate consumption as a foliar spray.

- o Shakasara organic liquid fertilizer: Produced in our low country estates by using freely available organic materials such as green manure, farm yard manure, crop residues, locally available ERP and Dolomite. This is incorporated into the soil in our rubber and oil palm plantations. Benefits include:
 - Environmentally friendly, economically viable organic fertilizer
 - Most suitable for low growth immature rubber plants
 - Enhance soil fertility and inorganic fertilizer use efficiency
 - Under girding of immature Hevea can be overcome by the application of “Shaka Sara” with extra dose of inorganic fertilizers in an integrated manner
- o Recycling factory ash: Ash generated from the factory are used the tea fields to maintain pH, for composting mixtures.
- o Reusing refuse tea: Refuse tea, which is the waste of black tea manufacturing, is reprocessed and the remaining waste tea is used for compost production. 20 tons of compost have been produced through refuse tea. This process ensures zero waste from our black tea manufacturing process.

WASTE IMPACT MANAGEMENT

- Oil and grease generated in the factories are controlled by treatment plants. Industrial waste water generated from the manufacture of rubber is channeled to the treatment plant.
- Separate and collect nonhazardous waste in separate bins of organic, plastic/polythene, glass and metal

NATURAL CAPITAL

- Establishment of Buffer Zones and vegetative barriers (Kumbuk) to prevent contamination of chemicals to water bodies & environment
- Waste water management, purification systems, testing and monitoring wastewater quality
- Any form of spillage such as oil, chemicals and fertilizer are minimized by adopting proper storage practices.
- Cleaning and washing of machinery and vehicles in natural water sources such as streams and rivers are not permitted.
- Monitor biomass moisture level through moisture meter in order to minimize wastages during purchases.
- To minimize organic waste, we have implemented initiatives to produce compost, vermi technologies, biochar
- To reduce usage of non-degradable materials we have implemented female hygiene units by using ecofriendly resources such as bamboo etc.



Biochar Production unit



Vermi wash Product

- To strive the company goal towards plastic free plantation we have initiated sustainable practices such as bamboo pots for tea nurseries, reusable sanitary napkin, sustainable packing materials for reduce usage of polythene and plastic consumption.
- Implement ISO 50001 energy management systems to reduce energy wastages.

b. Processes to determine whether third parties manage waste, in line with contractual or legislative obligations.

Third parties involved in waste management are mainly national/government bodies that are authorized to safely dispose specific types of waste (e waste), and other private organizations registered with the relevant government bodies and are authorized to dispose of specific types of waste. Therefore, HPL is assured of safe disposal of waste.

- Polythene, plastic, metal, glass waste is segregated for collection by the local authorities and reputed waste disposal organizations in the country.
- Chemical containers and personal protective equipment are handed over to the CEA approved collectors.
- Used oil is stored in special containers and sent to professional disposal agencies.
- Clinical waste is sent to the Government hospitals for disposal.
- E-waste, CFL collected by the estate are dispatched to the CEA approved collectors.

c. The processes used to collect and monitor waste-related data.

1. All HPL processing centers and commercial offices have installed separate waste bins for waste segregation.
2. Maintain separate B stock for store wastage which is having economical value (metal and machinery parts)
3. Hazardous waste is segregated at origin and recorded
4. Hazardous, plastic and glass waste is measured, recorded and disposed through designated third parties.
5. Organic waste is recycled and output is measured
6. Monthly waste records are maintained at all processing centers and offices.
7. Waste water withdrawal and waste water discharge monitored and reported.
8. Conduct energy audits, other environment audits and GHG verification where necessary.



MATERIALS MANAGEMENT

Managing our input and output materials to reduce wastage, landfill and pollution is a fundamental aspect of HPL's responsible consumption and production model. In the current financial year, we continued to monitor and review our procurement and production systems to increase recycled materials and reduce consumption.

3-3 Management of material topics

GRI 301: Materials 2016

a. Actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on human rights;

Actual and Potential Negative Impacts

No actual negative impacts on the environment were reported due to HPL's business activities during the reporting period.

However, potential negative impacts could include:

Economy : market uncertainty and price fluctuations of depreciation of rupees

Environment : climate changes due to GHG emissions, environment pollution, Increase carbon foot print due to usage of non-renewable materials

People: Health issues due to pollution, safety concerns including injuries

Actual and Potential positive Impacts

Economy: Better management of materials and recycling could increased the profitability by reducing the cost of production and reducing inputs

Environment: Management of materials can mitigate soil damage, reduce GHG emissions, reduce the atmospheric temperature, mitigate climate change through sequestering carbon dioxide from atmosphere, energy security

People : Chance to get additional incomes through recycling etc., Create job opportunities through enhancing their employability and socio economic mobility(employment in sanitary napkin production unit), Improve living standard of estate community, skill development

b. Whether the organization is involved with the negative impacts through its activities or as a result of its business relationships

No negative impacts through our activities or business partnerships

NATURAL CAPITAL

<p>c. policies or commitments regarding the material topic</p>	<ul style="list-style-type: none"> • Monitor the supply chain when procure raw materials for environment friendly product, Get feed-back from suppliers on environment aspects. • MOU signed with National Cleaner Production Centre for implementing waste minimization and resource efficiency in line with sustainable consumption and production • Environment certifications (ISO 14000 series, FSC, RA, Fairtrade, Eco label)
<p>Waste Management Policy</p>	
<p>We segregate our waste at point of origin as organic, non-hazardous and hazardous waste.</p>	
<ul style="list-style-type: none"> • The non-hazardous waste is metal, polythene, plastic and glass which is handed over to the Pradeshiya sabha. • The hazardous waste such as oil and grease, chemical cans, E-waste, CFL bulbs are handed over to CEA registered waste collectors • Organic waste is used for composting and vermi-tech applications 	
<p>d. (i) actions to prevent or mitigate potential negative impacts</p>	<ul style="list-style-type: none"> • Measure carbon-footprint and conduct GHG inventory verification annually • Conduct energy audits and other environmental audits • Conduct internal audits and take corrective actions • Expand the implementation of off-grid and on-grid solar panels • Re-open mini hydro projects • increase vermi-technologies and compost production • expand weed buy-back system • Emission test conduct periodically to ensure air purification • Shift to sustainable packing materials • Implement green building concept in plantations – female hygiene units implemented by using eco-friendly materials such as bamboo
<p>(ii) actions to address actual negative impacts, including actions to provide for, or cooperate, in their remediation;</p>	<p>No actual negative impacts</p>

- (iii) actions to manage actual and potential positive impacts
- Adapt 3R concept
 - Increase the efficiency of material usage
 - o Machine plucking and tapping
 - o Reduce the wastage during field operations and transporting
 - o Conduct R& D for alternatives
 - Increase the usage of renewable materials and renewable energy
 - Switch off non using appliances at the end of the day
 - Use energy efficient appliances
 - Shift to sustainable packing materials
 - Through the she-essentia project create job opportunities and improve living standard to unemployed women within the estates
 - Adapt to energy management system

e. Tracking the effectiveness of the actions taken

(i) Processes used to track effectiveness of actions;

- Prepare GHG inventory in accordance with ISO 14064-1:2018
- Once every month each estate conducts a stock verification and confirms that all the values are accurate
- Manager/ Asst. Manager of each estate is responsible for this verification and for all the invoices of bills
- Monthly monitor and collect data related to the material usage and material out-puts
- Conduct energy review and environment audits to verify effectiveness of the actions taken

(ii) goals, targets, and indicators used to evaluate progress;

- Monitor tea, rubber, coconut, coffee and cinnamon actual yields per hectare against targets to check effectiveness of composting, check soil fertility etc..
- Track electricity output budget for tea - 1.275 and actuals for tea = 0.94
- Track firewood output- budgets – 160, actuals – 145
- Track agrochemical output budgets - 4773 Ha and actuals = 4379 Ha
- Track fertilizer outputs as rations budget - 5400 Ha and actuals = 3370 Ha

(iii) the effectiveness of the actions, including progress toward the goals and targets;

We budget the targets annually as above, and follow the progress monthly and reported to the system. If any deviation is observed, management takes immediate action to correct it.

NATURAL CAPITAL

(iv) lessons learned and how these have been incorporated into the organization's

operational policies and procedures;

- Developing the Energy Management Policy
- Introduce energy management system
- Developing company policies and guidelines for agrochemical application for different crops
- Deciding crop targets for budget guidelines
- Material use guidelines are indicated in budget guidelines
- Manage GHG risk and identify reduction opportunities
- Introduce new initiatives for resource optimization

f. How engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).

- Feedback from the Sustainable Energy Authority, tea buyers and tea brokers are taken into consideration in developing environmentally sustainable actions.
- Feedback from the Ministry of Plantation Industry, Tea Board, Rubber Development Board, Coconut Cultivation Board are used in developing crop production details, and agrochemical usage
- Feedback from certification bodies are used in agrochemical usage
- Feedback and advice from the Ministry of Agriculture is taken into account in crop prediction, fertilizer usage etc..
- Feedback from NCPC assessment report related to waste reductions and resource optimization
- Feedback from Sri Lanka Climate Fund take into consideration for GHG emissions reductions, guide the company to achieve carbon neutral targets
- Published public summary of our sustainable practices and commitment in the respective websites. Please refer:

Climate Neutral Now



CEO Water Mandate



UNGC Annual Progress



Solar Bundle Project HPL



Science Based Targets:



GRI 301-1 Material used by Weight or Volume

Material used in production

Material type	unit	2023/24
Fertilizer	Tons	1221
Dolomite	Tons	500
Compost	Tons	374

GRI 301-2 Recycled input materials used

a. Percentage of recycled input materials used to manufacture the organization's primary products and services.

% of input materials 2022-23	% of input materials 2023-24
Treated Waste water – 100% (31.1 Mn L)	Treated Waste water –100% (22.5 Mn L)

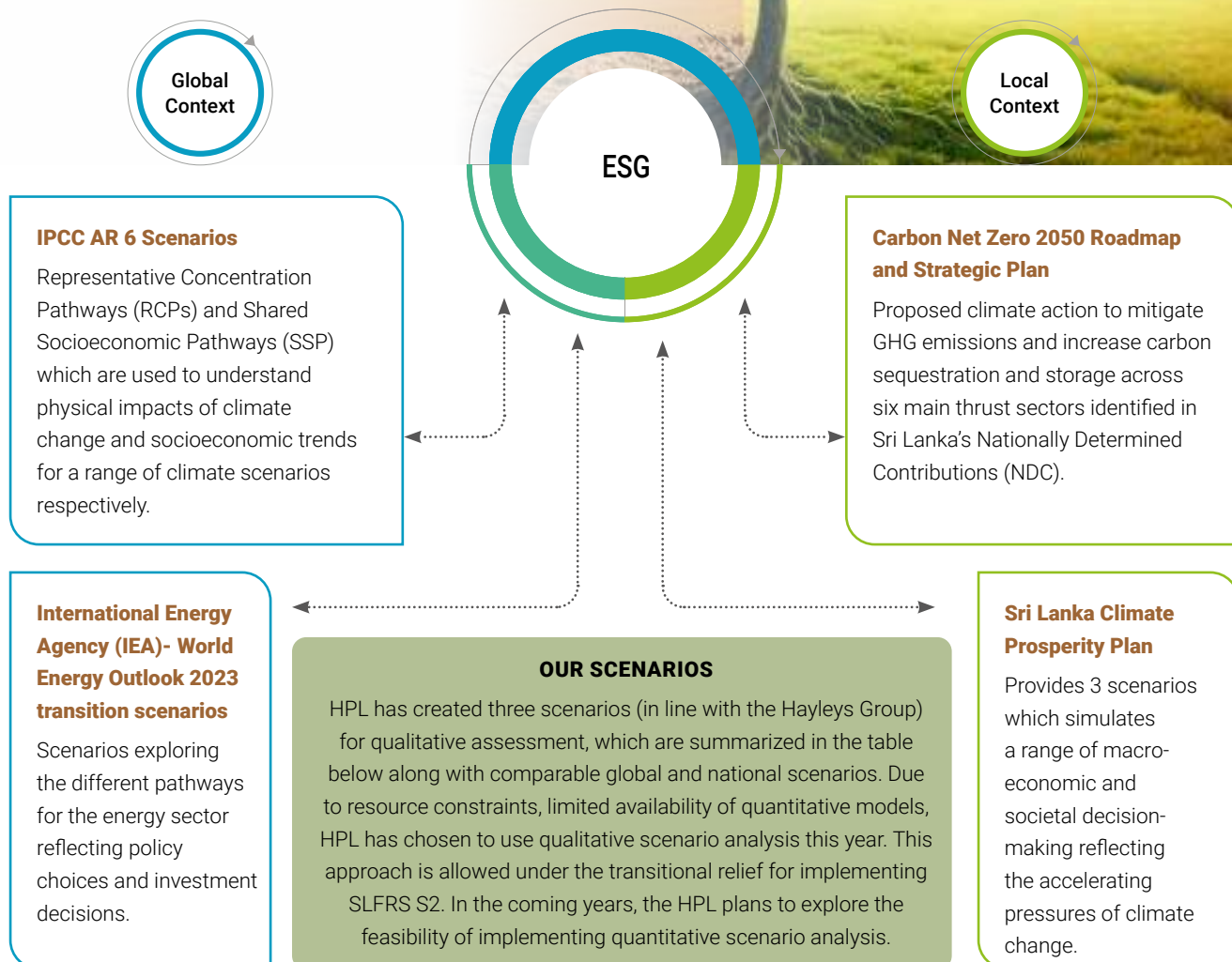
CLIMATE CHANGE - SCENARIO ANALYSIS

HPL'S APPROACH

HPL's approach to scenario analysis aligns with Hayleys, which performed a qualitative analysis during the initial year of implementation. This scenario analysis aims to evaluate the potential business impacts of climate change on HPL's portfolio and to determine the various adaptation and transition actions necessary to maintain business resilience.

METHODOLOGY

The chosen scenarios are derived from international physical and transition climate models, adjusted to fit the local context, considering the country's climate risk profile and national climate action plans. Specific details on scenario inputs are provided below:



NATURAL CAPITAL

Our Scenario	Description and Assumptions	Reference Global Scenarios		Local Context
Scenario A • Net Zero	<ul style="list-style-type: none"> Sri Lanka meets its conditional and unconditional NDC commitments achieving rapid decarbonisation of energy systems and technically, socially and financially feasible transition plans. Significant reduction in the demand for fossil fuels and pricing strategies for fuel which in turn leads to steep declines in emissions. The increase in global temperature is limited to 20 while Sri Lanka's temperature rise will be lower than the global average, estimated around 1.20 Forest cover rebounds beyond the NDC target. Sri Lanka will see 70% of its energy requirement fulfilled by renewable sources by 2030, while electricity will be fully generated by low carbon resources. Extensive investments in mitigation efforts. 	C3/SSP 1-2.6	NZE	CPP
Scenario B • Current pathway	<ul style="list-style-type: none"> The country meets its unconditional NDC commitments, meetings its adaptation ambitions and sectoral reduction targets. Limited external investments in technology and funding to drive the transition to low carbon. Average temperatures expected to increase by approximately 2.50 	C6/SSP 2-4.5	APS	NDC
Scenario C • Divergence	<ul style="list-style-type: none"> Global and local implementation gap to achieve decarbonisation goals with significant weather-related impacts on businesses and communities. No specific climate related interventions and represents a continuation of the current trajectory. 	C7/SSP 3-7.0	STEPS	BAU

RESULTS OF SCENARIO ANALYSIS

HPL has carried out scenario analysis for the CRROs identified in the risk assessment process and the results are as follows,

EXTREME RAINFALL

Scenario A Net Zero			Scenario B Current Pathway			Scenario C Divergence		
Yield/Volume			Yield/Volume			Yield/Volume		
<ul style="list-style-type: none"> Enhanced crop resilience due to favorable rainfall, leading to stable or slightly improved yields and volume. 			<ul style="list-style-type: none"> Higher humidity levels, often associated with increased rainfall, can promote fungal diseases like blight and root rot, further reducing Tea yield. Heavy and prolonged rainfall can disrupt tapping operations, leading to reduced latex collection. 			<ul style="list-style-type: none"> Continued variability in crop yields due to unpredictable weather patterns will significantly affect the yield and volume. 		
Quality			Quality			Quality		
<ul style="list-style-type: none"> Potential increase in quality of Tea and Rubber due to favorable growing conditions. 			<ul style="list-style-type: none"> Potential degradation in the quality of produce, affecting market prices. 			<ul style="list-style-type: none"> Variability in weather patterns will result in severe quality differences. 		
Financial Impact			Financial Impact			Financial Impact		
Financial Performance	Cost of Capital	Financial Position	Financial Performance	Cost of Capital	Financial Position	Financial Performance	Cost of Capital	Financial Position
With the improved yields and volumes, Revenue will be increased and a decrease in COP will result in healthy profits.	As a positive performer, access to the Capital will be straightforward with favorable cost of capital.	Healthy profits strengthen the Financial Position.	Revenue will be decreased as the low quantities and low NSA due to quality of the product. Higher COP will erode the profits.	As the Company reaches struggling stage, access to the Capital will be difficult and may be available at high cost.	Negative results will lead to weakened financial position.	Financial performance continued to be low as high COP due to poor productivity and low revenue.	Cost of capital will be high as the low shareholder confidence and debt providers may reluctant to provide capital.	Continuing losses will lead to a decrease in shareholder funds.

NATURAL CAPITAL

TEMPERATURE

Scenario A Net Zero			Scenario B Current Pathway			Scenario C Divergence		
Yield/Volume			Yield/Volume			Yield/Volume		
<ul style="list-style-type: none"> Improved stability in climate conditions can result in relatively stable Tea yields. Rubber trees are likely to experience minimal stress from temperature changes, maintaining yield stability. 			<ul style="list-style-type: none"> Higher temperatures may stress Tea plants and potentially reduce yield. Higher temperatures could stress Rubber trees, potentially lowering latex production. 			<ul style="list-style-type: none"> Gradual decline in Tea yields due to ongoing climate variability/high temperature. Gradual decrease in latex production over time, impacting overall yield. 		
Quality			Quality			Quality		
<ul style="list-style-type: none"> Potential increase in quality of Tea and Rubber due to favorable growing conditions. 			<ul style="list-style-type: none"> Possible reduction in quality of the Tea. 			<ul style="list-style-type: none"> Long-term decline in the quality. 		
Financial Impact			Financial Impact			Financial Impact		
Financial Performance	Cost of Capital	Financial Position	Financial Performance	Cost of Capital	Financial Position	Financial Performance	Cost of Capital	Financial Position
With the improved yields and volumes, Revenue will be increased and a decrease in COP will result in healthy profits.	As a positive performer, access to the Capital will be straightforward with favorable cost of capital.	Healthy profits strengthen the Financial Position.	Revenue will be decreased as the low quantities and low NSA due to quality of the product. Higher COP will erode the profits.	As the Company reaches struggling stage, access to the Capital will be difficult and may be available at high cost.	Negative results will lead to weakened financial position.	Financial performance continued to be low as high COP due to poor productivity and low revenue.	Cost of capital will be high as the low shareholder confidence and debt providers may reluctant to provide capital.	Continuing losses will lead to a decrease in shareholder funds.

PROLONG DROUGHT

Scenario A Net Zero			Scenario B Current Pathway			Scenario C Divergence		
Yield/Volume			Yield/Volume			Yield/Volume		
<ul style="list-style-type: none"> Minimal impact on Tea yields due to moderate temperature rise. Rubber yields are likely to remain stable or improve slightly. 			<ul style="list-style-type: none"> Moderate decline in Tea yields due to higher temperatures and increased drought. Noticeable decline in Rubber yield as higher temperatures stress rubber trees. 			<ul style="list-style-type: none"> Significant decline in Tea yields due to prolonged drought conditions. Sharp decline in rubber yield with prolonged drought and lack of adaptation. 		
Quality			Quality			Quality		
<ul style="list-style-type: none"> Potential for stable or slightly improved Quality with better climatic conditions. 			<ul style="list-style-type: none"> Greater incidence of pests and diseases affecting Quality. 			<ul style="list-style-type: none"> Significant drop in quality from both Tea and Rubber. 		
Financial Impact			Financial Impact			Financial Impact		
Financial Performance	Cost of Capital	Financial Position	Financial Performance	Cost of Capital	Financial Position	Financial Performance	Cost of Capital	Financial Position
With the improved yields and volumes, Revenue will be increased and a decrease in COP will result in healthy profits.	As a positive performer, access to the Capital will be straightforward with favorable cost of capital.	Healthy profits strengthen the Financial Position.	Revenue will be decreased as the low quantities and low NSA due to quality of the product. Higher COP will erode the profits.	As the Company reaches struggling stage, access to the Capital will be difficult and may be available at high cost.	Negative results will lead to weakened financial position.	Financial performance continued to be low as high COP due to poor productivity and low revenue.	Cost of capital will be high as the low shareholder confidence and debt providers may reluctant to provide capital.	Continuing losses will lead to a decrease in shareholder funds.

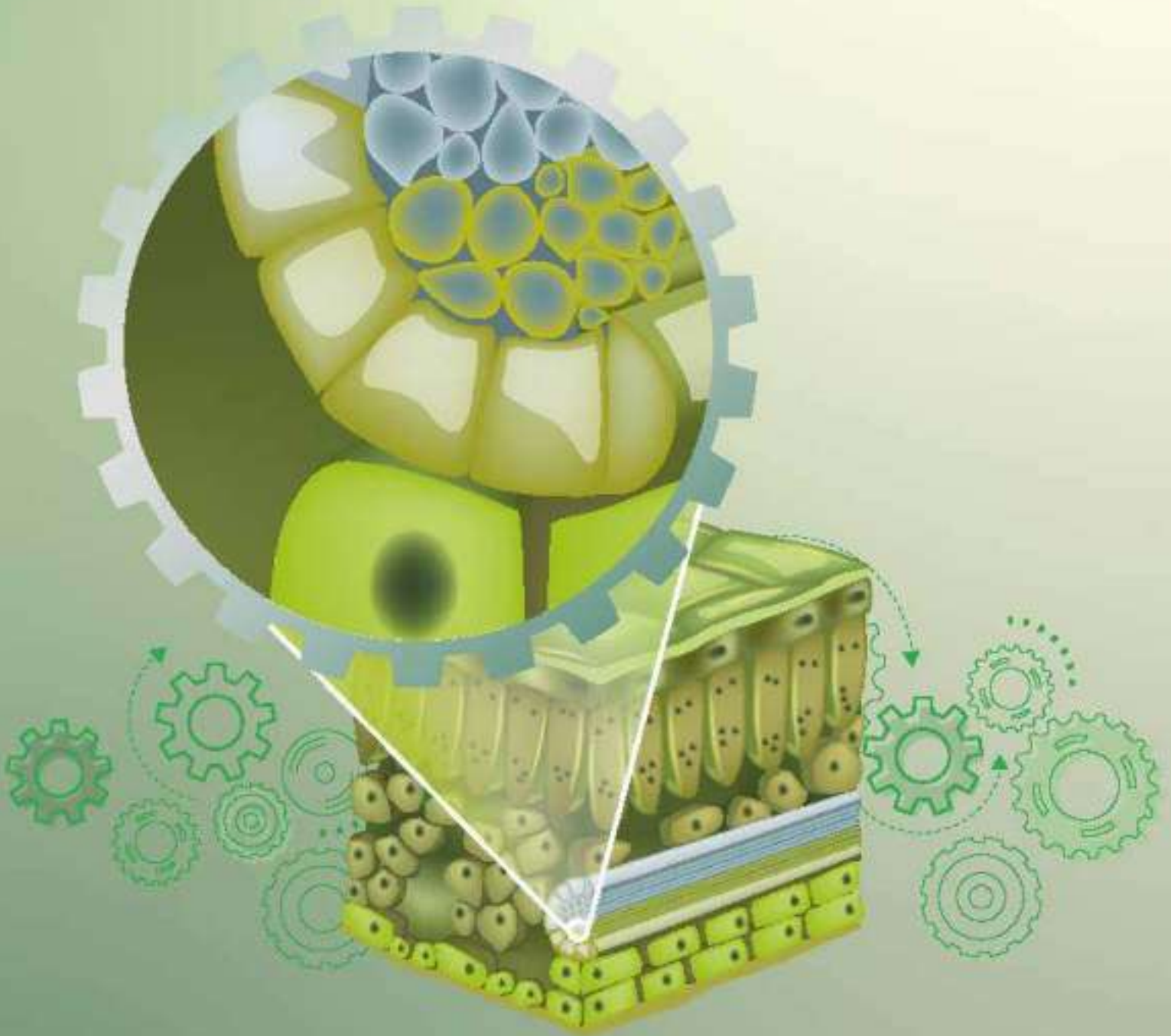
NATURAL CAPITAL

CHANGING BUYER REQUIREMENTS

Scenario A Net Zero			Scenario B Current Pathway			Scenario C Divergence		
Market Demand			Market Demand			Market Demand		
<ul style="list-style-type: none"> Increased demand for sustainably sourced products. Potential rise in market preference for organic and climate-resilient varieties. 			<ul style="list-style-type: none"> Heightened emphasis on sustainability and climate resilience from buyers. 			<ul style="list-style-type: none"> Possible market challenges from competitors with stronger climate strategies. 		
Financial Impact			Financial Impact			Financial Impact		
Financial Performance	Cost of Capital	Financial Position	Financial Performance	Cost of Capital	Financial Position	Financial Performance	Cost of Capital	Financial Position
Revenue and profitability will be high due to better margins from the products and high volumes.	As a positive performer, access to the Capital will be straightforward with favorable cost of capital.	Healthy profits strengthen the Financial Position.	If the company can fulfill buyers' requirements (sustainably sourced products etc.), there is a possibility to achieve higher profits.	As a positive performer, access to the Capital will be straightforward with favorable cost of capital.	Healthy profits strengthen the Financial Position.	Competition among the market players will be high and profitability may reduce.	Cost of capital will be increased.	Negative results will lead to weakened financial position.

FORTIFIED DEPENDABILITY

The steady flow of sound decision making, the dedicated efforts towards promoting a circular economy and the commitment to development through challenges have transformed operations.



GOVERNANCE

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230 Statement of Directors' Responsibilities | 231 Nomination and Governance Committee Report

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239 Directors' Statement on Internal Controls

240 Managing Director's, Chief Executive Officer's and General Manger – Finance's Responsibility Statement

CORPORATE GOVERNANCE

GRI 2-9

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

GROUP OVERSIGHT



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

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

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

CORPORATE GOVERNANCE IMPROVEMENTS 2023/24

Board and Committees

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

Policy Frameworks

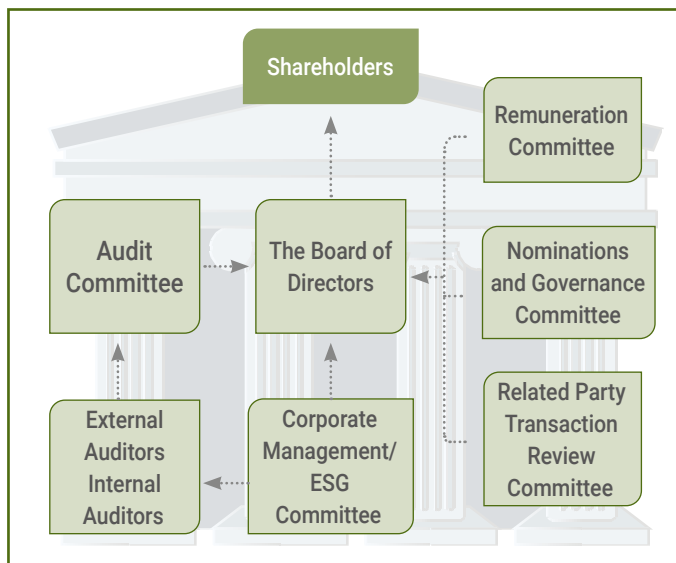
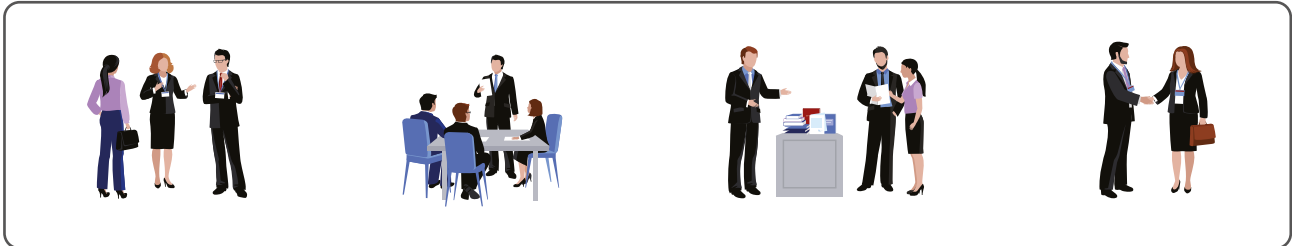
- Shareholder and Investor Communications Policy
- 'Hayleys Way' - Ethical roadmap for all employees
- 'Hayleys Lifecode' – ESG related Policy

DIPPED PRODUCTS PLC

DPL PLANTATIONS
(PRIVATE) LIMITED

HAYLEYS PLANTATION
SERVICES (PRIVATE) LIMITED

HORANA
PLANTATIONS PLC



VOLUNTARY BEST PRACTICES

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

EXTERNAL FRAMEWORKS

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

GOVERNING BODIES

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

Risk Management

Sound Internal Control System

INTERNAL FRAMEWORKS

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

CORPORATE GOVERNANCE

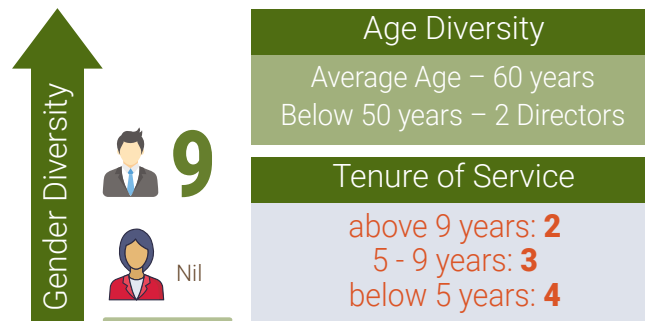
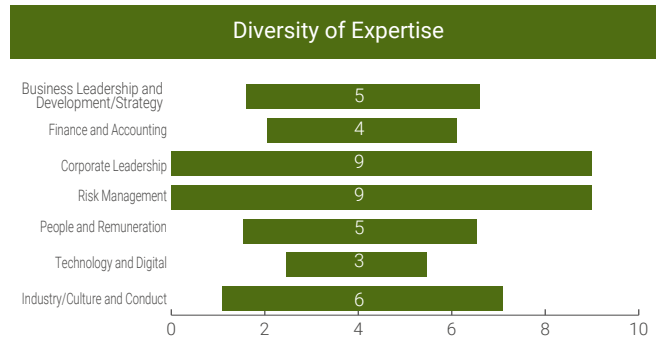
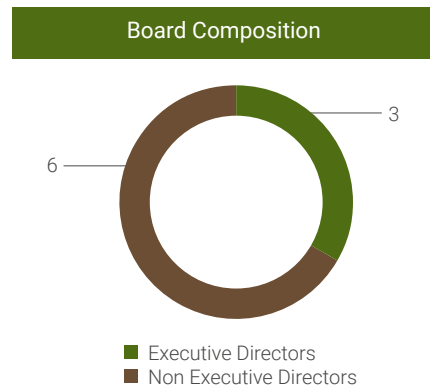
BOARD OF DIRECTORS

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

GRI 2-9 (a)

COMPOSITION OF THE BOARD

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



INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

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

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

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

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

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

Annual assessment of Board composition/Re-election

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

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

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

GRI 2-10

Nomination and selection of the Board and Committees

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

ROLE OF THE BOARD

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

Matters Reserved for Board Approval

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

Board Responsibilities

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE

GRI 2-12

The HPL Board's role on ESG

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

GRI 2-18 Appraisal of Board Performance

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

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

industry and company knowledge training of Directors where necessary.

GRI 2-11

Chair of the Board

GRI 2-11(a)

The Chairman of the Board is an executive.

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

GRI 2-11(b)

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

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

The Chairman ensure the following:

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

respective capabilities for the benefit of the Company.

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

RESPONSIBILITY OF INDIVIDUAL DIRECTORS

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

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

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

GRI 2-17 INDUCTION OF AND TRAINING FOR DIRECTORS

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

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

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

BOARD MEETINGS

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

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

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

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

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

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

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

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

ATTENDANCE AT BOARD METINGS

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

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

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

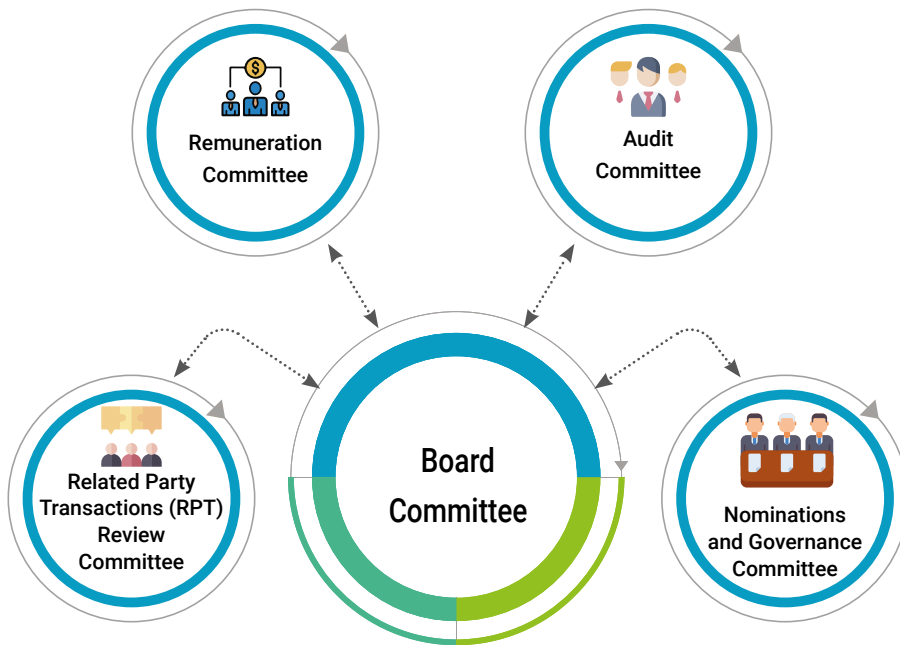
The Senior Independent Director held a meeting with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company and the operation of the Board.

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

BOARD SUB-COMMITTEES

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

CORPORATE GOVERNANCE



Audit Committee Composition

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

Mr. K D G Gunaratne - Independent Non-Executive

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

Mr. S C Ganegoda - Non-Executive

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

Remuneration Committee Composition

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

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

Mr. S C Ganegoda - Non-Executive

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

Related Party Transactions Review Committee Composition

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

Mr. K D G Gunaratne - Independent Non-Executive

Mr. S C Ganegoda - Non-Executive

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

Nominations and Governance Committee Composition (formed on 13.05.2024)

Mr. T A B Speldewinde - Chairman - Senior Independent

Mr. K D G Gunaratne - Independent Non-Executive

Mr. S C Ganegoda - Non-Executive

POLICIES

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

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



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

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

Constructive use of the AGM & Other General Meetings

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

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

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

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

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

Communication with Shareholders

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

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

IT GOVERNANCE

Information Technology and Cyber Security

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

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

Cyber Security Risk Management

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

CORPORATE MANAGEMENT

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

COMPANY SECRETARY

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

Responsibilities include;

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

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

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

CORPORATE GOVERNANCE

DISCLOSURE OF INFORMATION AND COMPLIANCE

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

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

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

CORPORATE GOVERNANCE

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

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

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

CORPORATE GOVERNANCE

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

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

CORPORATE GOVERNANCE

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

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Horana Plantations PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2024.

GENERAL

Horana Plantations PLC is a public limited liability company which was incorporated under the Companies Act No. 17 of 1982 on 22nd June 1992, and re-registered as per the Companies Act, No.7 of 2007 on 18th March 2008 and bears registration number PQ 126. Accordingly, the name of the Company has changed to Horana Plantations PLC.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activity of the Company, which is cultivation, manufacturing and sale of Tea, Rubber and other agricultural produce, remained unchanged.

A review of the business of the Company and its performance during the year with comments on financial results and future strategies and prospects are contained on the Chairman's Message and the Managing Director's Review (pages 40 to 48).

In addition, the capitals chapters of this report describe how the assets of the Company were utilized during the year and sustainability initiatives of the Company.

These reports, together with the Financial Statements, reflect the state of affairs of the Company.

FINANCIAL STATEMENTS

The complete Financial Statements of the Company duly signed by two Directors on behalf of the Board and the Auditors are given on pages 247 to 310.

SUMMARISED FINANCIAL RESULTS

	31st March 2024 Rs. '000	31st March 2023 Rs. '000
Revenue	3,385,735	3,794,035
Total Comprehensive Income for the year	16,693	133,830
Retained Earnings	630,396	679,954

INDEPENDENT AUDITOR'S REPORT

The Independent Auditor's Report on the Financial Statements of the Company is given on page 243.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS) and the policies adopted thereof are given on pages 253 to 267.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 22 to 23.

Executive Directors

Mr. A M Pandithage	-	Chairman
Dr. Roshan Rajadurai	-	Managing Director
Mr. J A Rodrigo	-	Chief Executive Officer

Non-Executive Directors

Mr. S M Liyanage
Mr. S C Ganegoda
Mr. A N Wickremasinghe

Independent Non-Executive Directors

Mr. K D G Gunaratne
Mr. M C B Talwatte (appointed on 03rd January 2024)
Mr. J M J Perera (resigned w.e.f. 31st December 2023)

Senior Independent Director

Mr. T A B Speldewinde (appointed on 11th August 2023)

With a view to improving the collective effectiveness and performance of the Board, Board and Sub-committee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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

During the financial year Mr. T A B Speldewinde was appointed to the Board on 11th August 2023 and Mr. M C B Talwatte was appointed to the Board on 03rd January 2024. In terms of Article 98 of the Articles of Association, the shareholders will be requested to re-elect them at the Annual General Meeting.

Mr. J M J Perera ceased to be on the Board with effect from 31st December 2023.

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

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

In terms of Article 92 of the Articles of Association of the Company, Mr. S C Ganegoda retires by rotation and being eligible offers himself for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

In terms of Article 92 of the Articles of Association of the Company, Mr. S M Liyanage retires by rotation and being eligible offers himself for re-election and the shareholders will be requested to re-elect him at the forthcoming Annual General Meeting.

Notice has been given pursuant to Section 211 of the Companies Act No. 07 of 2007 of the intention to propose ordinary resolutions for the re-appointments of Mr. A N Wickremasinghe and Mr. A.M. Pandithage notwithstanding the age limit of seventy years stipulated by section 210 of the Companies Act No.07 of 2007.

INTERESTS REGISTER

The Company, in compliance with the Companies Act No. 07 of 2007, maintains an Interests Register.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2024 as recorded in the Interests Register are given in this Report under Directors' shareholding.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under key management personnel compensation in Note 30.4 to the Financial Statements on page 300.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts with the Company are stated in Note 30.2 and 30.3 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company. Except for the transactions referred to in Note 30.2 and 30.3 to the Financial Statements, the Company did not carry out any transaction with any of the Directors. The Company carried out

transactions during the year in the ordinary course of its business at commercial rates with the following director related entities;

Hayleys PLC

Hayleys Plantation Services (Private) Limited

Hayleys Business Solutions International (Private) Limited

Hayleys Aventura (Private) Limited

Hayleys Consumer Products Limited

Hayleys Fentons Limited

Hayleys Agriculture Holdings Limited

Hayleys Agro Fertilizer (Private) Limited

Logiwiz Limited

Hayleys Travels (Private) Limited

Yusen Logistics & Kusuhara Lanka (Private) Limited

Singer (Sri Lanka) PLC

Hayleylines Limited

Hayleys Lifesciences (Private) Limited

Kelani Valley Plantations PLC

Talawakelle Tea Estates PLC

Other Related Companies;

Vallibel Plantation Management Ltd

Uni-Dil Packaging Ltd.

Uni-Dil Packaging Solutions Ltd

Lanka Ceramic PLC

Lanka Walltiles PLC

Royal Ceramics Lanka PLC

Lanka Tiles PLC

Rocel Bathware Ltd

Delmage Forsyth & Co., Ltd

Diesel & Motor Engineering PLC

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 230.

AUDITORS

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the reappointment of Messrs KPMG, Chartered Accountants as Auditors of the Company for the year 2024/25 subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

The audit and non-audit fees paid to the Auditors by the Company is disclosed in Note 10 on page 270 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company. The Auditors have confirmed that they do not have any relationship (other than that of Auditors) with or interest in the Company other than those disclosed above.

STATED CAPITAL

The Stated Capital of the Company is Rs.250,000,010/-, divided into Twenty Five Million (25,000,000) Ordinary Shares and One (01) Golden Share.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debenture during the year ended 31st March 2024.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company are as follows;

	Name of Directors	31 March 2024		01 April 2023	
		No. of Shares	%	No. of Shares	%
1	Mr. A M Pandithage	-	-	-	-
2	Dr. Roshan Rajadurai	1,000	0.004	1,000	0.004
3	Mr. J A Rodrigo	-	-	-	-
4	Mr. S C Ganegoda	109,350	0.440	-	-
5	Mr. K D G Gunaratne	-	-	-	-
6	Mr. A N Wickremasinghe	-	-	-	-
7	Mr. S M Liyanage	-	-	-	-
8	Mr. T A B Speldewinde (appointed on 11th August 2023)	-	-	-	-
9	Mr. M C B Talwatte (appointed on 03rd January 2024)	-	-	-	-
10	Mr. J M J Perera (resigned w.e.f. 31st December 2023)	-	-	-	-

Hayleys Plantation Services (Private) Limited holds 12,750,000 ordinary shares (51%) in Horana Plantations PLC in which Mr. A M Pandithage, Dr. Roshan Rajadurai and Mr. S C Ganegoda are Directors.

Mr. S C Ganegoda, Non-Executive Director of the Company purchased 109,350 shares of the Company during the reporting period.

EMPLOYEE SHARE OWNERSHIP PLANS

The Company does not operate any share option schemes.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE & OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, twenty largest shareholders of the Company and percentage of shares as per the Listing Rules of the Colombo Stock Exchange are given on page 318 to 319 under Share Information. Market values per share, earnings, dividends and net assets per share are given on page 30.

EMPLOYEES & INDUSTRIAL RELATIONS

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31st March 2024, 3,455 persons were in employment (3,434 persons as at 31st March 2023).

RESERVES

The reserves of the Company with the movements during the year are given on page 250.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

LAND HOLDINGS

The Company does not own any freehold property.

PROPERTY, PLANT & EQUIPMENT

Details and movements of property, plant and equipment are given under Notes 15 to the Financial Statements on pages 280 to 281.

CAPITAL EXPENDITURE

The total capital expenditure during the year including the capitalization of borrowing cost amounted to Rs. 434,661,536/- compared to Rs. 436,213,683/- incurred in the previous year.

DIVIDENDS

During the financial year 2023/24, following dividends were paid.

Final Dividend of Rs. 1/- per share for 2022/23 paid on 18th July 2023.

First Interim Dividend of Rs. 1/25 per share for 2023/24 paid on 23rd January 2024.

Second Interim Dividend of Rs. 0/40 per share for 2023/24 paid on 25th April 2024.

DONATIONS

The Donations made by the Company to approved charities during the year under review are disclosed in Note 10 on page 270.

RISK MANAGEMENT

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Risk Management on pages 72 to 80.

ESG RISKS AND OPPORTUNITIES

The Company's efforts to conserve scarce and non-renewable resources, as well as its environmental objectives and key initiatives, are described in the Natural Capital on pages 167 to 169.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the Statement of Financial Position date have been paid or, where relevant provided for, except for certain assessments where appeals have been lodged.

CONTINGENT LIABILITIES

Except as disclosed in Note 27 to the Financial Statements on page 295, there were no material Contingent Liabilities as at the reporting date.

EVENTS OCCURRING AFTER THE REPORTING DATE

Except for the matters disclosed in Note 29 to the Financial Statements on page 295 there are no material events as at the date of the Auditor's report which require adjustment to, or disclosure in the Financial Statements.

GOING CONCERN

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

CORPORATE GOVERNANCE

The Company has complied with the revised Corporate Governance rules laid down under the listing rules of the Colombo Stock Exchange and the recommendations provided in the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka.

Mr. T A B Speldewinde was appointed as the Senior Independent Director on 01st November 2023 in accordance with the Corporate Governance requirements. The Board was of the opinion that Mr. A M Pandithage should remain as the Executive Chairman of the Company due to his extensive experience, deep insights and domain knowledge evidenced through the leadership provided to the Group. Please refer the Senior Independent Director's Report on page 238.

The Directors and the CEO/MD satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

There were no non-compliances by any Director or CEO/MD during the financial year.

The Directors have declared all material interests in contracts involving the Company and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

There have been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief confirm that the Company has engaged in any activity that contravenes applicable

laws and regulations. There have been no material fines imposed on the Company by the Government.

The Corporate Governance Statement on pages 206 to 224 explains the measures adopted by the Company during the year.

BOARD SUB-COMMITTEES

The Audit Committee, Remuneration Committee and Related Party Transaction Review Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience.

The Company established its own Nominations and Governance Committee in compliance with Rule 9.11 of the CSE Listing Rules on 13th May 2024.

The composition of the said committees is as follows.

AUDIT COMMITTEE

Mr. T A B Speldewinde - Chairman
(appointed on 11th August 2023)

Mr. K D G Gunaratne

Mr. M C B Talwatte (appointed on 03rd January 2024)

Mr. S C Ganegoda

Mr. J M J Perera (resigned w.e.f. 31st December 2023)

The Report of the Audit Committee on pages 236 to 237 sets out the manner of compliance by the Company in accordance with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

REMUNERATION COMMITTEE

Mr. K D G Gunaratne - Chairman

Mr. M C B Talwatte (appointed on 03rd January 2024)

Mr. S C Ganegoda

Mr. J M J Perera (resigned w.e.f. 31st December 2023)

The Report of the Remuneration Committee on page 233 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review are given in Note 30.4 to the Financial Statements on page 300.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. T A B Speldewinde - Chairman
(appointed on 11th August 2023)

Mr. K D G Gunaratne

Mr. S C Ganegoda

Mr. J M J Perera (resigned w.e.f. 31st December 2023)

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with Section 9 of the CSE Listing Rules.

NOMINATIONS AND GOVERNANCE COMMITTEE (ESTABLISHED ON 13TH MAY 2024)

Mr. T A B Speldewinde - Chairman

Mr. K D G Gunaratne

Mr. S C Ganegoda

DIRECTORS' INDEMNITY AND INSURANCE

The ultimate parent Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programme, details of which are set out on pages 142 to 159 of this Report.

POLICIES

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

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

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

ANNUAL GENERAL MEETING

The Thirty First Annual General Meeting of Horana Plantations PLC will be held on Monday, 24th June 2024 at 3.00 p.m. at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10.

Notice of the Annual General Meeting appears on Page 344.

This Annual Report is signed for and on behalf of the Board of Directors by



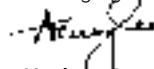
A M Pandithage

Chairman - Executive Director



Dr. Roshan Rajadurai

Managing Director



Hayleys Group Services (Private) Limited
Secretaries

Colombo
13th May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under Sections 150 (1) and 151 of the Companies Act No. 07 of 2007 (the Companies Act), to ensure compliance with the requirements set out therein and to prepare Financial Statements for the financial year ended 31st March 2024 giving a true and fair view of the state of affairs of the Company and of the profit of the Company for the said financial year.

The Directors are also responsible, under Section 148 of the Companies Act, for ensuring that proper accounting records are kept to enable determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected.

The Directors confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs), the Companies Act and the Listing Rules of the Colombo Stock Exchange. Further, the Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries, that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken proper and sufficient measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control and accounting records to prevent and detect fraud and other irregularities. These have been reviewed, evaluated and updated on an ongoing basis.

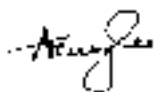
The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the interim dividends paid. Also, solvency certificates were obtained from the Auditors in respect of the said interim dividends paid.

The External Auditors, Messrs KPMG, Chartered Accountants who were re-appointed in terms of the Companies Act were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Independent Auditor's Report, shown on pages 243 to 246 sets out their responsibilities in relation to the financial statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the reporting date have been paid or where relevant, provided for.

By Order of the Board,



Hayleys Group Services (Private) Limited
Company Secretaries

Colombo
13th May 2024

NOMINATIONS & GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee of Hayleys PLC, the Ultimate Parent Company functioned as the Committee of the Company until the Company established its own Nominations and Governance Committee on 13th May 2024. In terms of the Corporate Governance Rules of the Colombo Stock Exchange, on 01st November 2023, the Nominations Committee of the Ultimate Parent Company was renamed as the Nominations and Governance Committee and the composition was changed to comply with Rule 9.11.4 of the Listing Rules of the Colombo Stock Exchange.

COMMITTEE MEMBERS

The Parent Company's Nominations and Governance Committee comprises the following members who acted as the Committee for the Company during the financial year 2023/24 until the Company formed its own Committee.

Composition from 01/04/2023 to 1/11/2023

Mr. A M Pandithage* - Chairman

Dr. H Cabral PC ***

Mr. M Y A Perera *** – appointed w.e.f. April 21, 2023

Attendance at Committee Meetings

Name of the Member	Attendance
Mr. A.M. Pandithage*	7/7
Dr. H.C. Cabral ***	7/7
Mr. M.Y.A. Perera ***	7/7

Composition from 01/11/2023 to 31/03/2024

Mr. M Y A Perera *** - Chairman

Dr. H Cabral PC ***

Mr. K D G Gunaratne *** - appointed w.e.f. 01st November 2023

Attendance at Committee Meetings

Name of the Member	Attendance
Mr. M.Y.A. Perera ***	4/4
Dr. H.C. Cabral ***	4/4
Mr. K.D.G. Gunaratne ***	4/4

* Executive Director

***Independent Non-Executive Director

Followings are the members of the Company's Nominations and Governance Committee established on 13th May 2024.

Mr. T A B Speldewinde - Chairman - Senior Independent Director

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

Mr. S C Ganegoda - Non-Executive Director

DUTIES OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- The Nominations and Governance Committee evaluates and recommends the appointment of Directors to the Board and Committees considering the required skills, experience and qualifications necessary.
- Consider and recommend (or not recommend) the re-election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Boards overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principle commitments.
- Establish and maintain a formal and transparent procedure to evaluate, select and appoint / re-appoint Directors of the Company.
- Establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- Establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the CEO of the Company to ensure their responsibilities are satisfactorily discharged.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- Develop succession plans for Board of Directors and Key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices. Review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- Receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the SEC Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

DISCLOSURE OF ACTIVITIES

The Board performance evaluation has been carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Chairman or Managing Director. Special Board meetings are called if the need arises to discuss an important or critical matter with the Board.

Newly appointed Directors are given an induction to the Company prior to their first Board meeting. The orientation programme includes inviting the Directors to the estates and factories to gain an understanding of the operations of the Company. Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors.

Existing Directors are regularly updated with corporate governance requirements, Listing Rules and other applicable laws.

Non Executive Directors have submitted declarations regarding their independence / non independence.

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

The fitness and proprietary of the Directors were examined.

RE-APPOINTMENTS / RE- ELECTIONS

One Third (1/3) of the all the Directors except the Managing Director, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the AGM.

Accordingly, the Committee has recommended to re-elect Mr. S C Ganegoda and Mr. S M Liyanage to the Board at the Annual General Meeting to be held on 24th June 2024, based on their performance and the contribution made to achieve the objectives of the Board.

Mr. Ganegoda was appointed to the Board in September 2017, and last re-appointed as a Director in June 2022. His directorships and other principal commitments are given in the profile on page 22.

Mr. Liyanage was appointed to the Board in May 2020, and last re-appointed as a Director in June 2022. His other directorships and other principal commitments are given in the profile on page 23.

Directors Mr. T A B Speldewinde and Mr. M C B Talwatte who were appointed to the Board on 11th August 2023 and on 03rd January 2024 respectively will come up for re-election by the shareholders at the Annual General Meeting. Their profiles in pages 23 set out their other principal commitments and directorships.

Due to the invaluable contribution made to the Board as a result of their many years of experience, industry knowledge and business acumen, the Committee has recommended to reappoint Mr. A M Pandithage and Mr. A N Wickremasinghe who are over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007.

None of the Directors who are being proposed for re-election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 206 to 224.



T A B Speldewinde

Chairman - Nominations and Governance Committee

Colombo.
13th May 2024

REMUNERATION COMMITTEE REPORT

The Remuneration Committee, appointed by the Board of Directors, comprises of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director as follows:

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

Mr. M C B Talwatte - Independent Non-Executive Director (appointed on 03rd January 2024)

Mr. S C Ganegoda - Non-Executive Director

Mr. J M J Perera - Independent Non-Executive Director (resigned w.e.f. 31st December 2023)

INDEPENDENCE OF THE COMMITTEE

The members of the Remuneration Committee are completely free from any business, operational, personal or other relationships that may interfere with the exercise of their independent, unbiased judgment.

KEY OBJECTIVE

The Committee advises the Board to maintain and establish formal and transparent procedures on the policy to be followed on executive remuneration packages for individual Directors and senior management of the Company.

REMUNERATION POLICY

The remuneration policy of the Company is to attract, motivate and retain a highly qualified and experienced executive team, and reward performance accordingly in the backdrop of industry norms. These compensation packages provide compensation appropriate for each business within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business' performance and shareholder returns.

The remuneration packages which are linked to individual performances are

aligned with the Company's short term and long term strategy.

All Non Executive Directors (other than Directors who are employed by Hayleys PLC) receive a fee for serving on the Board and serving on sub-committees. They do not receive any performance related incentive payments.

ACTIVITIES IN 2023/24

During the year the Committee reviewed the performance of the Chairman and Executive Directors based on the targets set in the previous year and determined the bonus payable and the annual increments.

The Committee 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 aggregate remuneration of the Executive and Non Executive Directors for the Financial Year amounted to Rs. 21 Mn.

The Committee met once during the year. The meetings were for the purpose of examining the remuneration package of Directors/ Chief Executive Officer and the Management Staff, their respective performances and deciding on appropriate remuneration packages for them; as well as determining incentives based on Company performance for all management staff.

RESPONSIBILITIES OF THE COMMITTEE

The Committee is responsible to the Board to determine the policy of the remuneration package of the Directors. The Committee evaluates, assesses and recommend to the Board of Directors on any matter that may

affect Human Resources Management of the Company and specifically include:

- Determining the compensation of the Executive and Non-Executive Directors of the Company.
- Lay down guidelines and parameters for the compensation structures of all management staff within the Company taking into consideration industry norms.
- Formulate guidelines, policies and parameters for the compensation structures for all Executive staff of the Company.
- Review information related to executive pay from time to time to ensure same is in par with the market/industry rates.
- Evaluate the performance of the Chairman and Key Management Personnel against the predetermined targets and goals.
- Assess and recommending to the Board of Directors of the promotions of the Key Management Personnel and address succession planning.
- Approving annual salary increments and bonuses.

The attendance of the members is as follows,

	Name of the Member	Attendance
1	Mr. K D G Gunaratne	1/1
2	Mr. M C B Talwatte (appointed on 03.01.2024)	1/1
3	Mr. S C Ganegoda	1/1

K D G Gunaratne
Chairman – Remuneration Committee

Colombo
13th May 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

ADOPTION OF THE CODE OF BEST PRACTICES ON RELATED PARTY TRANSACTIONS

The Committee of the Company complies with the rules and regulations promulgated by the Securities and Exchange Commission of Sri Lanka, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

PURPOSE OF THE COMMITTEE

The purpose of the RPTRC of HPL is to conduct an independent review approval and oversight of all related party transactions of HPL and to ensure that the Company complies with the rules set out in the Code. The primary objectives of the said rules are to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions, and to prevent Directors, key management personnel or substantial shareholders from taking advantage of their positions. To exercise this purpose the Committee has adopted the related party transaction Policy which contains the company's Policy governing the review, approval and oversight of related party transactions.

COMPOSITION OF THE COMMITTEE

Mr. T A B Speldewinde - Chairman - Senior Independent Director (appointed on 11th August 2023)

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

Mr. S C Ganegoda - Non-Executive Director

Mr. J M J Perera - Independent Non-Executive Director (resigned w.e.f. 31st December 2023))

Company Secretaries, Hayleys Group Services (Private) Limited function as the Secretary to the Committee.

The Chairman, Group Chief Financial Officer of Hayleys PLC, Managing Director, Director/ Chief Executive Officer of Horana Plantations PLC and General Manager Finance attend the meeting of the Committee by invitation.

MEETINGS

The Committee held four (04) meetings. All the members attended the meeting and the minutes of the Committee meeting were tabled at Board meeting, for the review of the Board.

Name of the Member	Attendance
Mr. T A B Speldewinde (appointed on 11.08.2023)	2/2
Mr. S C Ganegoda	4/4
Mr. K D G Gunaratne	4/4
Mr. J M J Perera (resigned w.e.f. 31.12.2023)	2/2

RESPONSIBILITIES OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The following are key responsibilities have been set out in the Charter for RPTRC;

- To review in advance all proposed related party transactions of the Company either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties to with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.

- h) To review the economic and commercial substance of both recurrent/non recurrent related party transactions
- i) To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.
- j) To ensure that there is an adequate and effective process in place to capture information which is relevant to its review function.

DECLARATION

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 30.2 and 30.3 to the financial statements given in pages 297 to 299 on this report.



T A B Speldewinde

Chairman - Related Party Transactions
Review Committee

Colombo
13th May 2024

REVIEW OF RELATED PARTY TRANSACTIONS

The Committee reviewed all related party transactions of the Company for the financial year 2023/24. It was observed that all related party transactions entered during the year were of a recurrent, trading nature and were necessary for the day-to-day operations of the Company.

In the opinion of the Committee, the terms of these transactions were not more favorable to the related parties than those generally available to the public. The details of related party transactions entered into during the year are given in Note 30.2 and 30.3 to the Financial Statements, on pages 297 to 299 of this Annual Report.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

In accordance with the Corporate Governance Guidelines, the Board of Directors appointed the Audit Committee. The Audit Committee is empowered by the Board of Directors to oversee the financial reporting, legal, and regulatory compliance, internal controls, risk management and assessment of independence and performance of external auditors.

COMPOSITION OF THE COMMITTEE

The Audit Committee comprises of three (03) Independent Non-Executive Directors and one (01) Non-Executive Director and Chaired by a Member of a recognized professional accounting body. Present Audit Committee is as follows:

Mr. T A B Speldewinde - Chairman - Senior Independent Director (appointed on 11th August 2023)

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

Mr. M C B Talwatte - Independent Non-Executive Director (appointed on 03rd January 2024)

Mr. S C Ganegoda - Non-Executive Director

Mr. J M J Perera - Independent Non-Executive Director (Resigned with effect from 31st December 2023)

Brief profiles of each member are given on pages 22 to 23 of this report. Individually and collectively financial knowledge, business acumen and independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's preview.

The Company Secretaries, Hayleys Group Services (Private) Limited acts as the Secretary of the Committee. The Chairman & Chief Executive, Group Chief Financial Officer of Hayleys PLC, Head – Hayleys

Group Management Audit & System Review, Managing Director, Director/ Chief Executive Officer, General Manager - Finance attend the meeting of the Committee by invitation.

THE CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to make sure that new developments relating to the function of the Committee. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

Rules on Corporate Governance' under listing rules of the Colombo Stock Exchange on corporate governance, 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange of Sri Lanka, further regulate the composition, roles and functions of the Audit Committee.

Meetings of the Committee

The Audit Committee met four (04) times to discuss the interim and year end financial statements. The attendance of the members at these meetings are as follows,

	Name of the Member	Attendance
1	Mr. T A B Speldewinde (appointed on 11.08.2023)	3/3
2	Mr. K D G Gunaratne	4/4
3	Mr. M C B Talwatte (appointed on 03.01.2024)	2/2
4	Mr. S C Ganegoda	4/4
5	Mr. J M J Perera (resigned w.e.f. 31st December 2023)	2/2

THE AUTHORITY OF THE AUDIT COMMITTEE

- Recommend appointment, dismissal, service period and audit fee of the external auditors.
- Establish and maintain a direct communication channel with the external auditors.
- Resolve any issues regarding financial reporting between the management and the external auditor.
- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.
- Seek any information it requires from employees or external parties relating to investigations.
- Meet with the management, external auditors as necessary to carry out the assigned duties.

FINANCIAL REPORTING SYSTEM

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognize the

adequacy of the content and quality of routine management information reports forwarded to its members.

INTERNAL AUDIT

The Committee reviewed the process to assess the effectiveness of the Internal Financial Controls that have been designed to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.

The Group Management Audit & Systems Review Department (MA&SRD) reports on key control elements and procedures in Company that are selected according to the annual audit plan were reviewed. Internal audits are outsourced to leading audit firms in line with an agreed annual audit plan.

During the period under review the internal audit of (11) estate locations and internal audit of head office were carried out.

The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources. The Committee appraised the independence of the Group MA&SRD and other internal auditors, in the conduct of their assignments.

RISK MANAGEMENT

The committee obtained and reviewed statements from the management identifying their respective major Business Risks, mitigatory action taken or contemplated for management of these risks.

Review of the risk management, internal controls, business continuity planning and information security systems are carried out and appropriate remedial actions recommended to the board.

EXTERNAL AUDIT

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of the Company. Actions taken by the management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the heads of business units. Remedial action was recommended wherever necessary.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure that their independence as Auditors has not been compromised.

APPOINTMENT OF EXTERNAL AUDITORS

The current auditors, Messrs KPMG, Chartered Accountants were appointed as the external auditors of the Company from the financial year 2007/08 and continue to hold that position at present. A partner rotation of the auditors take place at periodic intervals and the most recent rotation took place in the year 2020/21.

The Audit Committee has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be re-appointed as the External Auditors for the financial year 2024/25, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

COMPLIANCE

The Committee obtained representations from the management on the adequacy of provisions made for possible liabilities and reviewed reports tabled and certifying their compliance with relevant statutory requirements. Obtained regular updates from the management regarding compliance matters.

ETHICS & GOOD GOVERNANCE

The committee continuously emphasized on upholding ethical values of the staff members. In this regard, Code of Ethics and Whistle-Blowers Policies were put in place and followed educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations into incidents reported through Whistle-Blowing or identified through other means. The whistle blower policy guarantees strict confidentiality of the identity of the Whistle-Blowers.

SRI LANKA ACCOUNTING STANDARDS

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and made recommendation to the Board of Directors.

PROGRESS OF IMPLEMENTATION OF SLFRS

The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals. The committee has pursued the support of Messers KPMG to assess and review the existing SLFRS policies and procedures adopted by the Company.

SUPPORT TO THE COMMITTEE

The Committee received information and support from management during the year to enable it to carry out its duties and responsibilities effectively.



T A B Speledewinde
Chairman - Audit Committee

Colombo
13th May 2024

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

[Profile of Mr. T A B Speldewinde is given on page 23 of this report.]

In order to comply with Section 9.6.3. of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 01st November 2023.

Section 9.6.3. of the Listing Rules and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka provide that in situations where the Chairman and CEO are the same person or where the Chairman is not an Independent Director, a Senior Independent Director (SID) shall be appointed. At Horana Plantations PLC although the Chairman is not the CEO, he is not an Independent Director.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director (SID) provides guidance to the Chairman on matters of governance of the Company.

The role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board.

The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company, should the need arise.

ACTIVITIES DURING THE YEAR

In line with the regulatory requirements, I presided over the following meetings and exercised my voting rights where necessary.

Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Directors were appraised.

A meeting was held with only the Independent Directors. Discussions were held on matters relating to the Company and the operation of the Board.

The outcome of these meetings together with recommendations was duly informed to the Chairman and the Board.

The Company follows a policy of strict compliance with mandatory requirements while embracing voluntary adherence, in order to enhance stakeholder acceptance and making a positive impact on value creation.

I believe that I have fulfilled the obligations entrusted to the SID in accordance with the Corporate Governance guidelines.



T A B Speldewinde
Senior Independent Director

Colombo.

13th May 2024

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement fulfills the requirement to publish the Directors' Statement on Internal Control as per the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- Instituted committee to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Hayley's Management Audit and System Review Division (MA & SRD) to review and report on the internal control environment in the Company. Audits are carried out in accordance with the annual audit plan approved by the Audit

Committee. Findings are submitted to the Audit Committee for review at their periodic meetings.

- The Audit Committee reviews internal control issues identified by MA & SRD and Management and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.
- Estate audits are outsourced to leading audit firms in the Country based on agreed audit scope and their audit observations on internal controls together with management rectification actions are reviewed by Audit Committee on every audit committee meeting.
- The adoption of new Sri Lanka Accounting Standards, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year 2022/23 were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

CONCLUSION

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



Dr. Roshan Rajadurai
Managing Director



J A Rodrigo
Director/Chief Executive Officer

13th May 2024

MANAGING DIRECTOR'S, CHIEF EXECUTIVE OFFICER'S & GENERAL MANAGER- FINANCE'S RESPONSIBILITY STATEMENT

The Financial Statements of Horana Plantations PLC as at 31st March, 2024 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka;
- Companies Act No 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No 15 of 1995;
- Listing rules of the Colombo Stock Exchange;
- Code of Best Practice on Corporate Governance 2023 issued by the institute of Chartered Accountants of Sri Lanka; and
- Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Material accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the financial statements. The material accounting policies estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and our External Auditors.

We confirm that to the best of our knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial position, results of operations and cash flows of the company as of, and for, the periods presented in this annual report.

We are responsible for establishing and maintaining internal controls and procedures. We have designed such controls and procedures, or caused such controls and procedures to be designed under our supervision, to ensure that material information relating to the company is made known to us and for safeguarding the company's assets and preventing and detecting fraud and error. We have evaluated the effectiveness of the company's internal controls and procedures and are satisfied that the controls and procedures were effective as of the end of the period covered by this annual report. We confirm, based on our evaluations that there were no significant deficiencies and material weaknesses in the design or operation of internal controls and any fraud that involves management or other employees. Our internal auditors also conduct periodic reviews to ensure that the internal controls and procedures are consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits, and to discuss auditing, internal control and financial reporting issues. The independent auditors and the internal auditors have full and free access to the Audit Committee to discuss any matter of substance.


The Financial Statements were audited by Messrs.' KPMG, Chartered Accountants, the Independent External Auditors. Their report is presented on pages 243 to 246 of this Report.

The Audit Committee approves the audit and non-audit services provided by the External Auditor, in order to ensure that the provision of such services does not impair their independence.

We confirm that the company has complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the company other than those arising in the normal course of conducting Plantation business.



Dr. Roshan Rajadurai
Managing Director



J A Rodrigo
Chief Executive Officer

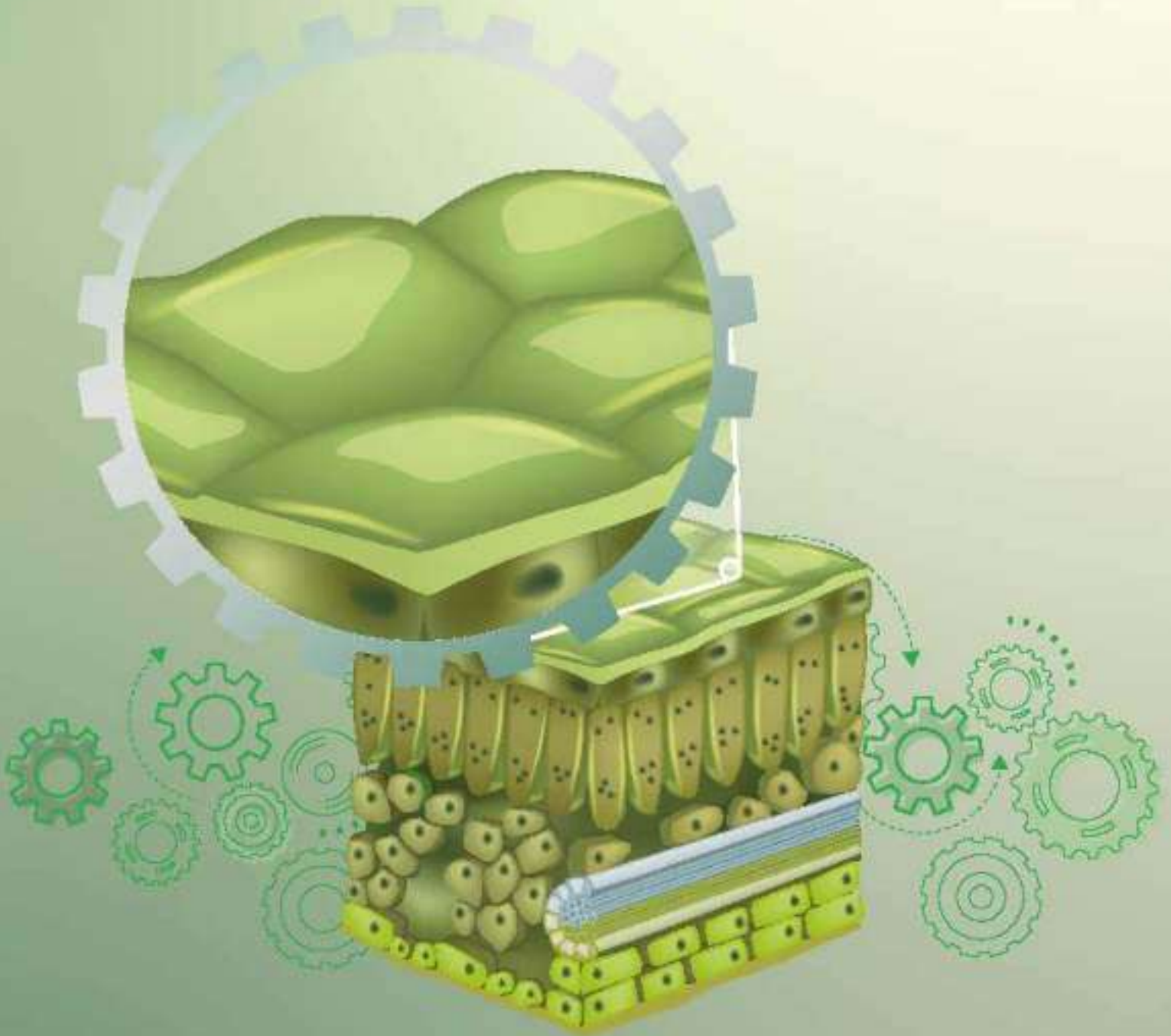


N A A K Nissanka
General Manager - Finance

13th May 2024

PRESERVED PROTECTIONS

As a premier plantation company, we take great pride in the presentation of our financial performance reports for the year, with highlighted consistency, accuracy and prosperity.



FINANCIAL STATEMENTS

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Financial Calendar

	2023/24	2022/23
Interim Financial Statements :		
Three months ended 30th June	24-Jul-23	12-Aug-22
Six months ended 30th September	1-Nov-23	29-Oct-22
Nine months ended 31st December	23-Jan-24	24-Jan-23
Twelve months ended 31st March	13-May-24	13-May-23
Annual Report		
	29-May-24	6-Jun-23
Annual General Meeting :		
31st Annual General Meeting	24-Jun-24	
30th Annual General Meeting		30-Jun-23
Dividend		
Final Dividend for 2022/23	18-Jul-23	-
First Interim Dividend for 2023/24	23-Jan-24	-
Second Interim Dividend for 2023/24	25-Apr-24	-

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sri Mahantel Malali Market, Musallaha,
P. O. Hill Top
Colombo 05000, Sri Lanka

Tel: +94 11 542 6426
Fax: +94 11 244 6577
+94 11 244 6450
Internet: www.kpmg.com/lk

TO THE SHAREHOLDERS OF HORANA PLANTATIONS PLC Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Horana Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are

independent of the Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG is a Swiss entity, partner firm and a member firm of the KPMG global organization of independent member firms affiliated with the KPMG network, which is a Swiss entity. Each member firm is a separate legal entity, and each member firm is responsible for its own compliance with applicable laws and regulations.

Chartered Accountant
Member of the Institute of Chartered Accountants of Sri Lanka
Chartered Accountant
Member of the Institute of Chartered Accountants of Sri Lanka

Chartered Accountant
Member of the Institute of Chartered Accountants of Sri Lanka
Chartered Accountant
Member of the Institute of Chartered Accountants of Sri Lanka

Chartered Accountant
Member of the Institute of Chartered Accountants of Sri Lanka
Chartered Accountant
Member of the Institute of Chartered Accountants of Sri Lanka

Chartered Accountant
Member of the Institute of Chartered Accountants of Sri Lanka
Chartered Accountant
Member of the Institute of Chartered Accountants of Sri Lanka

INDEPENDENT AUDITOR'S REPORT



Measurement of Biological Assets

(Refer to Note 3.2.3 material accounting policies and explanatory Note 14 to the Financial Statements).

Risk Description	Our Response
<p>The Company has reported bearer biological assets amounting to Rs. 2,516 Million and consumable biological assets amounting to Rs. 595 Million as at 31st March 2024. The Biological assets represent 66% of the total assets as at 31st March 2024.</p> <p>Bearer biological assets mainly include mature and immature tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported losses as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations fields to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.</p> <p>The Consumer Biological assets are carried at fair value less cost to sell whereas the bearer biological assets are carried at the cost less accumulated depreciation and impairment loss.</p> <p>The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, value per cubic meter and available timber content of live trees could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date. The Management has used an external valuation expert to assist in determining the fair value of the consumable biological assets at the reporting date.</p> <p>We considered the measurement of biological assets as a key audit matter due to the magnitude of the amounts involved and significant management judgment involved in determining the point at which a plant is deemed ready for commercial harvesting. Further, valuation of consumable biological assets involved significant judgment exercised by the management and external valuation expert and were subjected to significant level of estimation uncertainty and management bias. Further, immature to mature transfer of bearer biological asset require management to exercise their judgment in determining the point at which a plant is deemed ready for commercial harvesting.</p>	<p>Our audit procedures included among others.</p> <p>Bearer Biological Assets</p> <ul style="list-style-type: none"> - Assessing the processes and controls in place to ensure; proper capitalization of the expenses incurred relating to immature plantations, timely transfer of immature plants to respective mature plantation categories and triggers of impairment (if any) are on a timely basis. - Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified. - Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year was consistent with the Company accounting policy and industry norms. - Assessing the adequacy of the related disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions. - Reviewed the reasonability of depreciation provided on the matured plantations by performing independent computation. <p>Consumable Biological Assets</p> <ul style="list-style-type: none"> - Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and yield per hectare and evaluating the appropriateness of those assumptions. - Assessing the objectivity and independence of the external valuation expert and the competence and qualification of the external expert engaged by the Company. - Comparing the average market price to historical data and market available data. - Verifying the mathematical accuracy of the consumable biological asset valuation. - Assessing the adequacy of the related disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.



Valuation of Retirement Benefit Obligations

(Refer to Note 3.3.1.1 material accounting policies and explanatory Note 22 to the financial statements).

Risk Description	Our Response
<p>The retirement benefit obligation of the Company as at 31st March 2024 amounting to Rs. 562 Million. The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Further, uncertainty of judgments and estimates has increased due to the rapidly changing economic factors of the Country.</p> <p>The Management has used an independent actuary to assist them in the computation of retirement benefit obligation at the reporting date.</p> <p>We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the liability.</p>	<p>Our audit procedures included among others.</p> <ul style="list-style-type: none"> - Assessing the competency, objectivity and capabilities of the independent actuary engaged by the Company. - Testing the samples of the employees' details used in the computation to the human resource records. - Evaluating the reasonableness of the total annual salaries used in the computation by comparing to the historical data. - Challenging the key assumptions used in the valuation, in particular the discount rate, inflation rate, mortality rates and future salary increases. - Comparing the discount rate, inflation rate, mortality rate and future salary increases to market available data. - Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation. - Assessing the adequacy of the related disclosures made in the financial statements including sensitivity analysis.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and we have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3544.

Chartered Accountants
Colombo, Sri Lanka

13th May 2024

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year ended 31st March		2024	2023
	Note	Rs'000	Rs'000
Revenue	4	3,385,735	3,794,035
Cost of Sales		(2,732,480)	(2,559,346)
Gross Profit	5	653,255	1,234,689
Other Income	6	7,903	7,782
Change in Fair Value of Biological Assets	7	34,320	(4,377)
Administrative Expenses		(234,375)	(234,621)
Management Fees	8	-	(16,963)
Profit from Operations		461,103	986,510
Finance Income	9.1	3,926	5,097
Finance Expenses	9.2	(238,546)	(334,515)
Profit before Tax	10	226,483	657,092
Tax Expense	11.1	(121,978)	(487,030)
Profit for the Year		104,505	170,062
Other Comprehensive Income:			
Items that will not be reclassified to Profit or Loss			
Actuarial Loss on Retirement Benefit Obligations	22.3	(125,446)	(51,759)
Tax effect on Other Comprehensive Income	11.4.1	37,634	15,527
Other Comprehensive Expense for the Year, net of tax		(87,812)	(36,232)
Total Comprehensive Income for the Year		16,693	133,830
Basic Earnings per Share (Rs.)	12.1	4.18	6.80
Diluted Earnings per Share (Rs.)	12.2	4.18	6.80
Dividends per Share (Rs.)	12.3	2.65	-

The accounting policies and explanatory notes set out on pages 253 to 310 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31st March		2024	2023
	Note	Rs'000	Rs'000
ASSETS			
Non-Current Assets			
Right of Use Assets	13	248,883	184,742
Bearer Biological Assets	14.1	2,515,934	2,296,046
Consumable Biological Assets	14.2	594,745	591,546
Property, Plant & Equipment	15	579,843	552,281
Total Non-Current Assets		3,939,405	3,624,615
Current Assets			
Non-harvested Produce on Bearer Biological Assets	14.5	9,651	9,847
Inventories	16	524,435	476,386
Trade and Other Receivables	17	178,057	197,560
Related Companies Receivables	30.1.1	1,719	9,384
Cash and Cash Equivalents	18.1	47,122	37,379
Total Current Assets		760,984	730,556
Total Assets		4,700,389	4,355,171
EQUITY & LIABILITIES			
Equity			
Stated Capital	19	250,000	250,000
Retained Earnings		630,396	679,954
Total Equity		880,396	929,954
Non-Current Liabilities			
Interest bearing Loans and Borrowings	20.1	1,098,862	745,939
Lease Liabilities	21	255,867	183,991
Retirement Benefit Obligations	22	562,419	458,833
Deferred Income	23	99,172	106,475
Deferred Tax Liability	24	667,370	583,027
Total Non-Current Liabilities		2,683,690	2,078,265

As at 31st March		2024	2023
	Note	Rs'000	Rs'000
Current Liabilities			
Trade and Other Payables	25	328,552	361,677
Related Companies Payables	30.1.2	24,377	32,930
Interest bearing Loans and Borrowings	20.1	447,077	444,875
Lease Liabilities	21	12,752	10,467
Short Term Borrowings	26	323,544	497,003
Total Current Liabilities		1,136,302	1,346,952
Total Liabilities		3,819,993	3,425,217
Total Equity and Liabilities		4,700,389	4,355,171

The accounting policies and explanatory notes set out on pages 253 to 310 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

These Financial Statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.



N A A K Nissanka
General Manager - Finance

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for and on behalf of the Board of Directors of Horana Plantations PLC.



A M Pandithage
Chairman/Executive Director



Dr. Roshan Rajadurai
Managing Director

Colombo
13th May 2024

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st March	Stated Capital	Retained Earnings	Total
	Rs'000	Rs'000	Rs'000
Balance as at 1st April 2022	250,000	546,124	796,124
Comprehensive Income for the Year			
Profit for the Year	-	170,062	170,062
Other Comprehensive Expenses	-	(36,232)	(36,232)
Total Comprehensive Income for the Year	-	133,830	133,830
Balance as at 31st March 2023	250,000	679,954	929,954
Balance as at 1st April 2023	250,000	679,954	929,954
Comprehensive Income for the Year			
Profit for the Year	-	104,505	104,505
Other Comprehensive Expenses	-	(87,812)	(87,812)
Dividend	-	(66,250)	(66,250)
Total Comprehensive Expenses for the Year	-	(49,557)	(49,557)
Balance as at 31st March 2024	250,000	630,396	880,396

The accounting policies and explanatory notes set out on pages 253 to 310 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the Year ended 31st March		2024	2023
	Note	Rs'000	Rs'000
Cash Flows from Operating Activities			
Profit before Tax		226,483	657,092
Adjustments for non-cash items :			
Change in Fair Value of Biological Assets	14.2.2 & 14.5	(15,908)	8,041
Depreciation and Amortization	10	208,590	189,202
Provision for Retirement Benefit Obligations	22.3	113,764	101,037
(Reversal)/Provision for Obsolete Inventories	16.1	(393)	6,776
Provision for Impairment of Trade and Other Receivables	17.1	601	4,959
Finance Expenses	9.2	203,881	307,821
Finance Income	9.1	(3,926)	(5,097)
Lease Interest	21.4	34,666	26,787
Profit on Disposal of Property, Plant and Equipment	6	-	(111)
Amortization of Capital Grants	6	(7,803)	(7,671)
Field Development/Other Capital Expenditure Written-off	14.1,14.2 & 15	5,385	23,707
Operating Profit before Working Capital Changes		765,339	1,312,543
Increase in Inventories		(37,810)	(124,636)
Decrease/(Increase) in Trade and Other Receivables		19,047	(64,885)
Decrease/(Increase) in Related Companies Receivables		7,665	(3,214)
Decrease in Related Companies Payables		(12,888)	(22,967)
(Decrease)/Increase in Trade and Other Payables		(27,565)	61,183
Cash Generated from Operations		713,787	1,158,024
Interest Paid		(207,378)	(302,741)
Payments made for Retirement Benefit Obligations	22	(143,350)	(173,706)
Payment of Taxes		(145)	(14)
Net Cash Inflow from Operating Activities		362,914	681,563

STATEMENT OF CASH FLOWS

For the Year ended 31st March		2024	2023
	Note	Rs'000	Rs'000
Cash Flows from Investing Activities			
Purchase/Construction of Property, Plant and Equipment	15	(93,128)	(153,658)
Expenditure incurred on Biological Assets	14.1.1 & 14.2.1	(341,533)	(282,555)
Capital Grants and Subsidies received	23	500	821
Proceeds on Disposal of Property, Plant and Equipment	6	-	188
Finance Income	9.1	3,926	5,097
Net Cash Outflow from Investing Activities		(430,235)	(430,107)
Cash Flows from Financing Activities			
Receipt of Project Loans	20	800,000	275,000
Repayment of Project Loans	20	(386,534)	(373,859)
Receipts of Term Loans	26.2.1	150,000	198,303
Repayment of Term Loans	20 & 26.2.1.	(208,341)	(289,063)
Payment of Lease Rentals	21.4	(48,351)	(37,566)
Payment of Dividends		(56,250)	-
Net Cash Inflow/(Outflow) from Financing Activities		250,523	(227,186)
Net Increase in Cash and Cash Equivalents during the Year		183,202	24,270
Cash and Cash Equivalents at the beginning of the Year		(459,624)	(483,894)
Cash and Cash Equivalents at the end of the Year	18	(276,422)	(459,624)

The accounting policies and explanatory notes set out on pages 253 to 310 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal form

Horana Plantations PLC (hereafter mentioned as "the Company"), is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 (the Company re-registered under the Companies Act No.07 of 2007), in terms of the Public Corporation of Government Owned Business Undertakings into Public Companies Act No.23 of 1987. The registered office of the Company is situated at No 400, Deans Road, Colombo 10, and the plantations are situated in the planting districts of Nuwara-Eliya and Kalutara.

1.2. Principal Activities and Nature of Operations

During the year, the principle activities of the Company were the cultivation, manufacturing and sale of tea, rubber and other agricultural produce.

1.3. Immediate and Ultimate Parent Enterprise

The Company's immediate parent undertaking is Hayleys Plantation Services (Private) Limited, which is incorporated in Sri Lanka. The Company's ultimate parent undertaking is Hayleys PLC, which is incorporated in Sri Lanka.

1.4. Authorization for Issue

The Financial Statements were authorized for issue by the Board of Directors on 13th May 2024.

1.5. Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Company such comprise Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows together with the Significant Accounting Policies and Notes to the Financial Statements. These statements are prepared in accordance with Sri Lanka Accounting Standards (LKASs and SLFRSs) promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL) and with requirements of the Companies Act No.07 of 2007.

2.2. Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention basis except for the following material items in the Statement of Financial Position.

- Bearer Biological Assets and Property, Plant and Equipment, which have been measured as more fully described in Note 14 and 15.
- Consumable Mature Biological Assets are measured at fair value less cost to sell as per LKAS 41 - Agriculture.
- Liability for Retirement Benefit Obligation is recognized at the present value of the Retirement Benefit Obligation based on actuarial valuation as per LKAS 19 - Employee Benefits.
- Non-harvested Produce on Bearer Biological Assets is measured at fair value as per LKAS 41 – Agriculture.

2.3. Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise.

2.4. Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.5. Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

2.6. Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

2.7. Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

NOTES TO THE FINANCIAL STATEMENTS

2.8. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading. (LKASs and SLFRSs).

2.9. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1- Presentation of Financial Statements.

Financial Assets and Financial Liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.10. Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards (LKASs and SLFRSs) requires the management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements is included in the following notes:-

Critical Accounting Estimate / Judgment	Disclosure Reference	
	Note	Page
Biological Assets	14	276
Inventories	16	282
Income Tax Expense	11	271
Deferred Tax Assets / Liabilities	11.4	272
Retirement Benefit Obligations	22	290

2.11. Fair Value Measurement

'Fair Value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Company in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market that is accessible by the Company for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.12 Changes in Material Accounting Policies

2.12.1 Material Accounting Policy Information

The Company adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies

(2022: Significant accounting policies) in certain instances in line with the amendments.

3. MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

3.1. Foreign Currency

3.1.1. Foreign Currency Transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the rates of exchange prevailing at the date of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated into local currencies at the rates of exchange prevailing at the reporting while non-monetary items are reported at the rates prevailing at the date of the transactions were affected.

The exchange difference arising on the translations are recognized in the Statement of Profit or Loss.

3.2. Assets and Bases of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash and Bank balances and those which are expected to be realized in cash during, the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.2.1. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

NOTES TO THE FINANCIAL STATEMENTS

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

3.2.1.1. Right of Use Asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right of use assets are subsequently amortized using a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

If ownership of the leased asset transferred to the Company at the end of the lease period or the cost reflect the exercise of a purchase option, amortization is calculated using the estimated useful life of the asset.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short term leases

The Company has elected not to recognize right of use assets and lease liabilities for short term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight – line basis over the lease term.

3.2.2. Property, Plant and Equipment

3.2.2.1. Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of Property, Plant and Equipment is the cost of acquisition or construction together with any incidental expenditure incurred in bringing the asset to its working condition for its intended use. Capital work in progress is transferred to the respective asset accounts, when the assets are available for use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.2.2.2. Subsequent Expenditure

The Cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of Property, Plant and Equipment are recognized in Statement of Profit or Loss as incurred.

3.2.2.3. Capital Work in Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work in progress transferred to the respective asset accounts at the time of first utilization or at the time of the asset is commissioned.

3.2.2.4. De-recognition

The carrying amount of an item of Property, Plant and Equipment is de-recognized on disposal; or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized in Statement of Profit or Loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in Statement of Profit or Loss.

3.2.2.5. Permanent Land Development Costs

Permanent land development costs are cost incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalized and depreciated over earlier of the end of the useful life of the asset or remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.2.3. Biological Assets

Biological assets are classified as Bearer Biological Assets and Consumable Biological Assets. Bearer Biological Assets include tea, rubber, oil palm and other diversify crops those that are not intended to be sold or harvested but are however used to grow for harvesting agricultural produce from such Biological Assets. Consumable Biological Assets include managed live trees those that are to be sold as Biological Assets.

Biological assets are further classified in to Mature Biological Assets and Immature Biological Assets. Mature Biological Assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications.

3.2.3.1. Recognition and Measurement

The Company recognizes the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The expenditure incurred on bearer biological asset fields, which are bearing during the year, has been transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of reporting date.

The Bearer Biological assets are measured at cost less accumulated amortization and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant and Equipment as per the option provided by the ruling issued by the Institute of Chartered Accountants of Sri Lanka.

The managed live trees are measured on initial recognition and at the end of each reporting period at fair value less cost to sell in terms of LKAS 41 - Agriculture. The cost is treated as approximation to fair value of young plants (age below 5 years) as the impact on biological transformation of such plants to price during this period is immaterial.

3.2.3.2. Bearer Biological Assets

The cost of land preparation, rehabilitation, new planting, re-planting, crop diversifying, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long term loans used for financing immature plantations.

Permanent impairments to Bearer Biological Assets are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduce the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

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3.2.3.3. Infilling cost on Bearer Biological Assets

The land development costs incurred in the form of infilling are capitalized when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance and infilling costs so capitalized are amortized over the newly assessed remaining useful economic life of the relevant mature plantation or unexpired lease period, whichever is lower.

Infilling costs that are not capitalized are charged to the Statement of Profit or Loss in the year in which they are incurred.

3.2.3.4. Growing Crop Nurseries

Nursery cost includes the cost of direct materials, direct labor and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.2.3.5. Consumable Biological Assets

The managed live trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41 - Agriculture. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of live trees is measured using Discounted Cash Flow (DCF) method taking into consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

The main variables in DCF model concerns

Variable	Comment
Currency	Sri Lankan Rupees
Volume at Rotation	Estimate based on physical verification of girth, height and considering the growth of each species. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic Useful Life/Optimum Rotation	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling Price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.

Variable	Comment
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

3.2.3.6. Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 - "Borrowing Costs".

Borrowing costs incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

3.2.4. Depreciation and Amortization

a) Amortization of Assets on JEDB / SLSPC Lease

The leasehold rights to the assets of JEDB/SLSPC Estates are amortized in equal amounts over the following years since 1992 (Lower of lease period and economic useful life).

Asset Category	No. of Years	Rate
Bare Land	53	1.9%
Mature Plantations	30	3.3%
Permanent Land Development Cost	30	3.3%
Buildings	25	4.0%
Plant and Machinery	15	6.7%

b) Amortization of Other Mature Plantations (Re-planting and New Planting)

Asset Category	No. of Years	Rate
Mature Plantations (Tea)	33	3.00%
Mature Plantations (Rubber)	20	5.00%
Mature Plantations (Oil Palm)	20	5.00%

Asset Category	No. of Years	Rate
Mature Plantations (Coconut)	50	2.00%
Mature Plantations (Cinnamon)	15	6.67%
Mature Plantations (Coffee & Pepper)	04	25.00%

Amortization of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized.

Amortization methods, useful lives and residual values are re-assessed at the reporting date. Mature plantations are amortized over their useful lives or unexpired lease period, whichever is lower.

c) Depreciation

Depreciation is charged on a straight-line basis over the estimated useful economic life of such assets based on the cost or re-valued amount of all Property, Plant and Equipment. Assets are depreciated over the shorter of the lease term or their useful lives.

Description	No. of Years	Rate
Buildings	40	2.50%
Permanent Land Development Costs	40	2.50%
Plant and Machinery	13	7.50%
Equipment	10, 8, 5	10%, 12.5%, 20%
Furniture and Fittings	10	10.00%
Motor Vehicles	5, 4	20.00%, 25.00%
Computer Hardware and Software	8, 4	12.50%, 25.00%

The remaining lease period as at Statement of Financial Position date is 21 Years.

3.2.5. Intangible assets

An Intangible Asset is recognized if it is probable that economic benefits are attributable to the asset will flow to the entity and cost of the asset can be measured reliably. Such items with finite useful life are carried at cost less accumulated amortization and accumulated impairment losses.

a) Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of Property, Plant and Equipment.

b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in Statement of Profit or Loss as incurred.

c) Amortization

Amortization is recognized in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life is as follows:

	No. of Years	Rate
Computer Software	4	25.00%

3.2.6. Non-harvested Produce on Bearer Biological Assets

The Company recognizes its agricultural produce prior to harvest separately from its bearer plant. Such agricultural produce prior to harvest continues to be in the scope of LKAS 41-Agriculture and measured at fair value less costs to sell. Changes in the fair value of such agricultural produce is recognized in Statement of Profit or Loss at the end of each reporting period.

When deriving the estimated quantity, the Company limits it to one harvesting cycle and the quantity is ascertained based on the last day of the harvest in the immediately preceding cycle. In order to ascertain the fair value of produce growing on trees, 50% of the estimated crop in that harvesting cycle is considered.

3.2.7. Inventories

Agricultural Produce harvested from Biological Assets

Agricultural produce harvested from Biological Assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

Agricultural Produce after further processing

Further processed output of Agricultural Produce are valued at the lower of cost and estimated net realizable value, after making do allowance for obsolete and slow-moving items. Net realizable value is the price at which stocks can be sold in the normal course of business after allowing for estimated costs of conversion and the estimated costs necessary to bring them to a saleable condition.

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The cost incurred in bringing the inventories to its present location and conditions are accounted using the following cost formulas:-

Input Material

At actual cost on first-in-first-out basis.

Spares and Consumables

At actual cost on first-in-first-out basis.

Produced Stocks

Valued at lower of cost or Net Realizable Value (NRV).

3.2.8. Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize inclusive of provisions for bad and doubtful debts.

Other receivables and dues from related parties are recognized at amortized cost less provision for bad and doubtful receivables.

3.2.9. Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

3.3. Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the reporting date.

All known liabilities have been accounted for in preparing these Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.3.1. Employee Benefits

3.3.1.1. Defined Benefit Plan

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 and the Indian Repatriate Act No.34 of 1978 to eligible employees. This item is grouped under Retirement Benefit Obligations in the Statement of Financial Position. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit (PUC) method as recommended by LKAS 19 "Employee Benefits". Key assumptions used in determining the defined retirement

benefit obligations are given in Note 22. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognized in full in the Other Comprehensive Income.

The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs Actuarial and Management Consultants (Private) Limited as at 31st March 2024. The liability is not externally funded. The settlement of the liability is based on legal liability method.

3.3.1.2. Defined Contribution Plans - Provident Funds and Trust Fund

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/Estate Staff's Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

3.3.2. Contingent Liabilities

Contingent Liabilities are possible obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control.

3.3.3. Trade and Other Payables

Trade and other payables are stated at their amortized costs.

3.3.4. Deferred Income

Grants and Subsidies

Government grants are recognized where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related assets. When the grants relate to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that are intended to compensate.

Government Grants related to Property, Plant and Equipment, other than grants received for consumer biological assets are initially deferred and allocated to income on a systematic basis over the lower of useful life or unexpired lease period of the related Property, Plant and Equipment, more fully mentioned in Note 23 to the Financial Statements.

Grants related to revenue expenditure are recognized in the Statement of Profit or Loss in the year which it is receivable.

Unconditional grants received for Consumable Biological Assets measured at fair value less cost to sell are recognized in the Statement of Profit or Loss when, and only when such grants become receivable.

3.3.5. Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12 -Income Taxes.

3.4. Financial Instruments

3.4.1. Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.2. Classification and Subsequent Measurement

3.4.2.1. Financial Assets

On initial recognition, a financial asset is classified as measured at; amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequently to their recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business Model Assessment:

The Company makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes.

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

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Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

b) Assessment whether Contractual Cash Flows are Solely Payment of Principal and Interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative cost), as well as a profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers;

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable rate features
- Prepayment and extension features; and
- Terms that limits the Company's claim to cash flows from specific assets (e.g. non-recourse features)

The prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable addition compensation for early termination of the contract.

c) Subsequent Measurement and Gains and Losses:

Financial assets are at amortized cost. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in

Statement of Profit or Loss. Any gain or loss on derecognition is recognized in Statement of Profit or Loss.

3.4.2.2. Financial Liabilities

3.4.2.2.1. Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Statement of Profit or Loss. Other financial liabilities are subsequently measured at amortized cost using effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit or Loss. Any gain or loss on derecognition is also recognized in Statement of Profit or Loss.

3.4.3. Derecognition

3.4.3.1. Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3.4.3.2. Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in Statement of Profit or Loss.

3.4.4. Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the Statement of Financial Position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4.5. Impairment – Financial Assets

Non-derivative Financial Assets

3.4.5.1. Financial Instruments

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and the financial year end, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

3.4.5.2. Measurement of Estimated Credit Losses (ECLs)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

3.4.5.3. Credit-impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.4.5.4. Write-off

The gross carrying amount of financial assets is written-off when the Company has known reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sale and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its' recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 'exceed'

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the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss.

Statement of Profit or Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive income the Directors are of the opinion that function of expenses method presents fairly the elements of the Company is performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 in Presentation of Financial Statements.

3.4.6. Revenue and Income Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control to a customer.

The Company generates revenue primarily from the sale of tea, rubber and other agricultural produce. The revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue. The Company recognizes revenue when it transfers control over good to a customer. The Company considers sale of tea, rubber and other agricultural produce as one performance obligation and recognizes revenue when it transfers control to the customer.

Disaggregation of Revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

3.4.6.1. Gain and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other income' in the Statement of Profit or Loss.

3.4.6.2. Interest Income

Interest Income is recognized as the interest accrued (taking into account the effective yield on the asset) unless collectability is in doubt.

3.4.6.3. Other Income

Other income is recognized on an accrual basis.

3.4.6.4. Deferred Income

Grants related to assets are recognized as income in the Statement of Profit or Loss over the related assets' useful life so as to match them with the related costs which they are intended to compensate. Other grants are set-off against related expenses and the net amount is reflected in the Statement of Profit or Loss. Grants relating to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position by setting up the grant as deferred income.

3.4.7. Expenditure Recognition

All expenses incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to the Statement of Profit or Loss.

3.4.8. Net Finance Income / Expense

Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset. These are recognized in Statement of Profit or Loss using the effective interest method.

3.4.9. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Profit or Loss except to the extent that it relates to items recognized directly in equity or in Other Comprehensive Income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments do not meet the definition of income taxes, and therefore, accounted for them under LKAS 37 -Provisions, Contingent Liabilities and Contingent Asset.

3.4.9.1. Current Tax

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act. No. 45 of 2022

as amended by subsequent legislation enacted or substantively enacted by the reporting date. Relevant details are disclosed in Note 11 to the Financial Statements.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date.

3.4.9.2. Deferred Taxation

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts and tax bases used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

The principal temporary differences arise from depreciation on Property, Plant & Equipment, tax losses carried forward and provisions for defined benefit obligations.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

3.5. Segmental Information

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Managing Director the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.6. Related Party Transactions

Disclosure has been made in respect of the transaction in which one party has the ability to control or exercise significant influence

over the financial and operating policies/ decisions of the other, irrespective of whether a price is being charged.

A detailed Related Party Transaction analysis is presented in Note 30 to the Financial Statements.

3.7. Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividends received and government grants received are classified as investing cash flows while dividends paid is classified as financing cash flows for the purpose of presenting the Statement of Cash Flows.

3.8. Events Occurring After the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, occurring between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments or disclosures are made in the Financial Statements, where necessary.

3.9. Commitment and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, which are beyond the company's control. Contingent Liabilities are disclosed in Note 27 to the Financial Statements. Commitments are disclosed in Note 28 to the Financial Statements.

3.10. New Accounting Standards issued but not Effective as at the Reporting Date

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued following new amendments to the Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 01st January 2023. Accordingly, the Company has not applied the following new amendments to the standard in preparing these Financial Statements. The following new amendments to the standards are not expected to have a significant impact on the Company's financial statements.

3.10.1 New Accounting Standards and Amendments applicable on or after 1st January 2023

The following new and amended standards apply for the first time to financial reporting periods commencing on or after 1st January 2023 and have not resulted in a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

3.10.1.1 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to Sri Lanka Accounting Standard LKAS 12 – “Income Taxes”)

The amendments to LKAS 12 -Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other types of transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. There will be no impact on retained earnings on adoption of the amendments.

3.10.1.2. Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2)

The key amendments to LKAS 1- Presentation of Financial Statements include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- defining what is ‘material accounting policy information’ (being information that, when considered together with other information included in an entity’s financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explaining how to identify when accounting policy information is material;
- clarifying that immaterial accounting policy information does not need to be disclosed and if disclosed, shall not obscure material accounting information;
- further clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company’s financial statements.

3.10.1.3. Definition of accounting estimates (Amendments to LKAS 8)

Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies shall distinguish changes in accounting policies from changes in accounting estimates. The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Additionally, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Further, it emphasises that a change in accounting estimate that results from new information or new developments are not the correction of an error and the effects of a change in an input or a measurement technique used to develop an accounting estimate change in accounting estimates if they do not result from the correction of prior period errors.

3.10.2 New Accounting Standards and Amendments: applicable on or after 1st January 2024

The Company intends to adopt the new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements, if applicable, when they become effective.

3.10.2.1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to LKAS 1)

The amendments clarify that the classification of liabilities as current or non-current shall be based on rights that are in existence at the end of the reporting period. Such classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The standard also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. Accordingly, when an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within twelve months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period, including:

- the carrying amount of the liability;
- information about the covenants;
- facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants based on its circumstances at the end of the reporting period.

3.10.2.2 Lease Liability in a Sale and Leaseback – Amendments to SLFRS 16

This narrow-scope amendments to the requirements for sale and leaseback transactions in SLFRS 16- Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st March		2024	2023
		Rs'000	Rs'000
4.	REVENUE		
	Segmental Analysis of Revenue:		
	Main Sectors - Tea	2,556,632	2,912,192
	- Rubber	513,318	557,620
		3,069,950	3,469,812
	Diversified Crops	261,013	279,316
	Sale of Live Trees	27,648	20,033
	Other Operating Revenue	27,125	24,874
		3,385,735	3,794,035
4.1.	Timing of Revenue Recognition		
	Goods transferred at point in time	3,385,735	3,794,035
	Total Revenue	3,385,735	3,794,035
4.2.	Contract Balances		
	Receivables, which are included in "trade and other receivables"	99,832	102,866
For the Year ended 31st March		2024	2023
		Rs'000	Rs'000
5.	GROSS PROFIT		
	Segmental Analysis of Gross Profit:		
	Main Sectors - Tea	461,433	980,656
	- Rubber	73,794	103,202
		535,227	1,083,858
	Diversified Crops	96,194	118,464
	Sale of Live Trees	8,399	15,433
	Other Operating Revenue	13,434	16,934
		653,255	1,234,689

Segmental Revenue, Expenses, Assets and Liabilities are more fully described in Note 33 to the Financial Statements.

For the Year ended 31st March		2024	2023
		Rs'000	Rs'000
6.	OTHER INCOME		
	Profit on Disposal of Property, Plant & Equipment	-	111
	Amortization of Capital Grants (Refer Note No.23)	7,803	7,671
	Revenue Grants Received	100	-
		7,903	7,782

For the Year ended 31st March		2024	2023
		Rs'000	Rs'000
7.	CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS		
	Change in Fair Value of Consumable Biological Assets (Refer Note No.14.2.2)	24,669	(14,224)
	Gain on Fair Value of Bearer Biological Assets (Non-harvested Crop) (Refer Note No.14.5)	9,651	9,847
		34,320	(4,377)

For the Year ended 31st March		2024	2023
		Rs'000	Rs'000
8.	MANAGEMENT FEES		
	Management Fee	-	15,000
	Value Added Tax on Management Fee	-	1,963
		-	16,963

Vallibel Plantations Management Ltd has entered into a Management Agreement with Hayles PLC with effect from 1st April 2018 and basis of computing management fee is on Earnings Before Interest Received/Paid, Corporate Tax, Depreciation, Amortization and Management Fees (EBIDTA). The rate applicable for the year ended ended 31st March 2023 was 5% of EBIDTA or Rs.15 Million, whichever is lower.

Ownership of Horana Plantations PLC changed with effect from 29th March 2023, with 51% of shares acquired by Hayleys Plantation Services (Private) Limited, (Under Hayleys PLC) and thereafter Management Agreement has been cancelled.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st March		2024	2023
		Rs'000	Rs'000
9.	NET FINANCE EXPENSES		
9.1.	Finance Income :		
	Interest Income	3,926	5,097
		3,926	5,097
9.2.	Finance Expenses :		
	Project Loan Interest	190,591	263,310
	Term Loan Interest	26,857	39,073
	Bank Overdraft Interest	73,176	76,132
	Interest on Government Lease and Other Finance Leases	34,666	26,694
	Stamp Duty and Other Finance Charges	847	1,268
	Foreign Exchange Loss	33	3,030
	Sub-Total	326,170	409,507
	Capitalization of Borrowing Costs on Immature Plantations	(87,623)	(74,992)
	Total Finance Expense	238,546	334,515
9.3.	Net Finance Expenses	234,620	329,418
For the Year ended 31st March		2024	2023
		Rs'000	Rs'000
10.	PROFIT BEFORE TAX IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING :		
	Directors Emoluments	20,553	18,566
	Auditors Remuneration and Expenses -Staturoty Audit	5,075	4,088
	Auditors Remuneration and Expenses -Other Audit Related Services	225	-
	Secretarial Fees and Expenses	460	619
	Legal Fees and Expenses	29,409	13,509
	Donations	100	-
	Depreciation and Amortization:-		
	Right of Use Assets	23,706	23,183
	Bearer Biological Assets	121,436	121,966
	Property, Plant & Equipment	63,448	44,052
	Total - Depreciation and Amortization	208,590	189,202
	Personnel Costs include:-		
	Provision for Retirement Benefit Obligations :-		
	- Current Service Cost	28,880	28,495
	- Interest Cost	84,884	72,542
	Defined Contribution Plan Costs (Provident Funds and ETF)	184,024	164,932
	Other Staff Costs	1,306,891	1,247,734

For the Year ended 31st March	2024	2023
	Rs'000	Rs'000

11. TAX EXPENSE

11.1. Current Taxes on Continuing Operations:

Current Income Tax Expense (Refer Note No.11.2)	-	-
Deferred Tax Charge (Refer Note No.11.4.1)	121,978	469,444
Provision for Advanced Company Tax (Refer Note No.17.2)	-	17,586
Tax Expense on Statement of Profit or Loss	121,978	487,030

11.2. Reconciliation between Profit before Tax and Current Tax Expense:

Profit before Tax	226,483	657,092
Add: Disallowable expenses	369,595	383,014
Less: Allowable expenses	(662,858)	(585,917)
Profit from Agriculture, Trade or Business	(66,779)	454,188
Other Sources of Income/Interest Income	8,596	22,168
Total Statutory Income	(58,183)	476,356

Total Statutory Income for the year is Categorized under following Sectors:-

Taxable (Loss)/Profit from Agro Farming - Exempted Income	(162,462)	503,338
Taxable Profit/(Loss) from Agro Processing (a)	95,683	(49,150)
Taxable Profit from Investment Income/Other Sources of Income (b)	8,596	22,168
	(58,183)	476,356
Tax Loss set off during the year (a+b)	(104,279)	(22,168)
Tax Exempted Income from Agro Farming	162,462	(503,338)
Taxable Profit/(Loss) for the year	-	(49,150)

For the Year ended 31st March	2024	2023
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Tax Rates Applicable - Agro Farming	Exempt	Exempt
Tax Rates Applicable - Agro Processing (first 06 months of 2022/23 - 14%)	30%	30%
Tax Rates Applicable - Other Income (first 06 months of 2022/23 - 24%)	30%	30%

Current Income Tax Expense - Rs'000	-	-
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For the Year ended 31st March	2024	2023
	Rs'000	Rs'000

11.3. Accumulated Tax Losses:

Tax Losses Brought Forward	1,852,935	1,861,208
Over/(Under) Provision	8,119	(35,255)
Taxable (Profit set off)/Loss incurred during the year (Agro Processing)	(95,683)	49,150
Investment Income/Other Sources of Income set off	(8,596)	(22,168)
Tax Loss Carried Forward	1,756,775	1,852,935

The Company has used the tax rates introduced in the Inland Revenue (Amendment) Act No.45 of 2022 certified on 19th December 2022, for income and deferred taxation. Accordingly, income tax rate of 30% for agro processing profits and other income was applicable for the year, where agro farming exemption continued until year ended 31 March 2024. The Rate of 30% has been used for Deferred Tax.

NOTES TO THE FINANCIAL STATEMENTS

11. TAX EXPENSE (CONTD.)

For the Year ended 31st March	2024	2024	2023	2023
	Temporary	Tax	Temporary	Tax
	Differences	Effect	Differences	Effect
	Rs'000	Rs'000	Rs'000	Rs'000

11.4. Deferred Tax

On Property, Plant & Equipment	309,764	92,929	290,799	87,240
On Bearer Biological Assets	2,515,934	754,780	2,165,852	649,756
On Consumable Biological Assets	594,745	178,424	573,519	172,056
On Right of Use Assets	248,859	74,658	184,742	55,423
On Lease Liabilities	(268,619)	(80,586)	(194,458)	(58,337)
On Retirement Benefit Obligations	(601,608)	(180,482)	(505,747)	(151,724)
On Provision for Slow Moving Stocks/Bad Debts	(16,034)	(4,810)	(15,826)	(4,748)
On Deferred Income	(99,172)	(29,752)	-	-
On Tax Loss Carried Forward	(459,301)	(137,790)	(555,462)	(166,639)
	2,224,569	667,370	1,943,420	583,027
Tax Rates Applicable		30.00%		30.00%
Provision of Deferred Tax (Refer Note 24)		84,344		453,917

For the Year ended 31st March	2024	2023
	Rs'000	Rs'000

11.4.1. Recognized through

Statement of Profit or Loss	121,978	469,444
Statement of Other Comprehensive Income	(37,634)	(15,527)
	84,344	453,917

11.4.2. Charge during the Year

Arising on during the year Movement	84,344	214,140
Due to change in Tax Rates	-	239,777
	84,344	453,917

11.4.3. Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax (asset)/liability has been computed taking into consideration the effective tax rate, which is 30% (2022/23- 30%) for the Company.

The deferred tax asset has been recognized in the Financial Statements to the extent that it is probable that future taxable profit will be available against which the accumulated tax losses can be utilized. Therefore, the tax asset arising from accumulated tax losses carried forward was limited only to the extent of existing temporary differences as at 31st March 2024. The unutilized tax losses considered for the deferred tax is based on the probable future taxable profits available against which the Company can utilize therefrom. Hence a deferred tax asset of Rs. 389,241,955/- has not been recognized in respect of unutilized tax losses of Rs. 1,297,473,182/- as at 31st March 2024.

12. EARNINGS PER SHARE & DIVIDENDS PER SHARE

12.1. Basic Earnings Per Share

Basic Earning per Share has been calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the year.

For the Year ended 31st March	2024	2023
Profit for the year -Rs'000	104,505	170,062
Weighted Average Number of Ordinary Shares in issue during the year -Numbers (in Thousands)	25,000	25,000
Basic Earnings Per Share -Rs. Cts.	4.18	6.80

12.2. Diluted Earnings Per Share

The calculation of diluted earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year.

12.3. Dividends Per Share

For the Year ended 31st March	2024	2023
Dividends Paid -Rs. 2.25 per Share (Rs'000)	56,250	-
Final Dividend Payable -Rs. 0.40 per Share (Rs'000)	10,000	-
	66,250	-
Total Dividends per share (Rs.)	2.65	-

As at 31st March	2024	2023
	Rs'000	Rs'000

13. RIGHT OF USE ASSETS

Right of Use Land (Refer Note 13.1)	236,440	158,721
Right of Use Immovable Estate Assets (Refer Note 13.2)	4,320	9,422
Right of Use Building (Refer Note 13.3)	8,124	16,248
Right of Use Other Assets (Refer Note 13.4)	-	351
	248,883	184,742

NOTES TO THE FINANCIAL STATEMENTS

13. RIGHT OF USE ASSETS (CONTD.)

As at 31st March	2024	2023
	Rs'000	Rs'000
13.1. Right of Use Land		
Capitalized Value : As at 22nd June 1992	204,931	204,931
Net book value carried forward as at 1st April	158,721	152,478
Remeasurement of leasehold right as at 1st July	87,847	13,232
	246,568	165,710
Amortization		
Charge for the year	10,128	6,989
Amortization as at 31st March	10,128	6,989
Carrying Value as at 31st March	236,440	158,721

The Right of Use Asset of Lands consist of the lease rights on estates of Janatha Estates Development Board of Sri Lanka/State Plantations Corporation and Land located in Dumbara Estate. This right to use asset is amortized over the remaining lease period of 22 years from 1st April 2023.

	Bearer Biological Assets (Mature)	Permanent Land Development Costs	Buildings	Plant & Machinery	Total as at 31.03.2024	Total as at 31.03.2023
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
13.2. Right of Use Immovable Estate Assets						
Capitalized Value :						
As at 22.06.1992	191,124	3,432	45,920	5,852	246,328	272,815
Transfers from/to*	-	-	-	-	-	(26,487)
Disposal During the year	(307)	-	-	-	(307)	-
At the end of the year	190,818	3,432	45,920	5,852	246,022	246,328
Amortization :						
At the beginning of the year	181,702	3,432	45,920	5,852	236,906	256,725
Charge for the year	5,103	-	-	-	5,103	6,669
Transfers from/to*	-	-	-	-	-	(26,487)
Disposal During the year	(307)	-	-	-	(307)	-
At the end of the year	186,498	3,432	45,920	5,852	241,703	236,906

	Bearer Biological Assets (Mature) Rs'000	Permanent Land Development Costs Rs'000	Buildings Rs'000	Plant & Machinery Rs'000	Total as at 31.03.2024 Rs'000	Total as at 31.03.2023 Rs'000
Carrying Amount :						
As at 31.03.2024	4,320	-	-	-	4,320	-
As at 31.03.2023	9,422	-	-	-	-	9,422

* Lease period of Dumbara Estate was ended by 21st June 2022. Therefore, relevant cost and accumulated depreciation have been derecognised in the year 2022/23.

13.3. Right of Use Building

As at 31st March	2024 Rs'000	2023 Rs'000
Capitalized Value:		
As at 1st April	38,950	38,950
As at 31st March	38,950	38,950
Amortization :		
As at 1st April	22,702	14,579
Charge for the year	8,124	8,123
As at 31st March	30,826	22,702
Carrying Value as at 31 March	8,124	16,248

Horana Plantations PLC (Head Office) as a tenant, occupying a building which belongs to Hayleys PLC (Ultimate Parent). The effect to the Statement of Financial Position and amortization of building to 31st March 2024 are given above.

As at 31st March	2024 Rs'000	2023 Rs'000
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13.4. Right of Use Other Assets

Leasehold Machinery		
Cost :		
Balance as at 1st April	5,611	5,611
Balance as at 31st March	5,611	5,611
Amortization :		
Balance as at 1st April	5,260	3,857
Charge for the year	352	1,403
Balance as at 31st March	5,611	5,260
Carrying Value as at 31 March	-	352

NOTES TO THE FINANCIAL STATEMENTS

14. BIOLOGICAL ASSETS

14.1. Bearer Biological Assets

	Tea	Rubber	Oil Palm	Diversi- fication	Total as at 31.03.2024	Total as at 31.03.2023
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
14.1.1. Immature Plantations						
Cost :						
At the beginning of the year	142,641	22,653	-	323,046	488,341	420,793
Additions	80,007	13,228	4,129	243,006	340,371	278,850
Transfers to Mature	(55,781)	-	-	(22,816)	(78,597)	(177,523)
Transfers from/(to)	(15,424)	-	-	19,643	4,220	(10,456)
Write off during the year	-	-	-	(612)	(612)	(23,323)
At the end of the year	151,443	35,882	4,129	562,268	753,722	488,341
14.1.2. Mature Plantations						
Cost :						
At the beginning of the year	853,645	1,429,923	278,546	194,054	2,756,168	2,823,339
Transfers from Immature	55,781	-	-	22,816	78,597	177,523
Disposal during the year	-	(30,748)	-	-	(30,748)	(1,166)
Transfers from/(to)*	-	-	-	-	-	(243,613)
Write off during the year	-	-	-	-	-	(16)
At the end of the year	909,426	1,399,175	278,546	216,870	2,804,017	2,756,168
Amortization :						
At the beginning of the year	280,984	577,676	41,027	48,777	948,463	1,071,278
Charge for the year	28,450	68,012	13,934	11,040	121,436	121,966
Disposal During the year	-	(28,093)	-	-	(28,093)	(1,166)
Transfers (from)/to*	-	-	-	-	-	(243,613)
Write off during the year	-	-	-	-	-	(2)
At the end of the year	309,434	617,595	54,961	59,816	1,041,806	948,363
Carrying Amount	599,992	781,580	223,586	157,053	1,762,211	1,807,705
14.1.3. Total Bearer Biological Assets	751,435	817,462	227,715	719,321	2,515,934	2,296,046

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantations) taken over by way of estate leases are set out in Note 13.2. Further investments in the immature plantations taken over by way of these leases are also shown in the above. When such plantations become mature, the additional investments since take over to bring them to maturity have been (or will be) moved from immature to mature under this category as and when fields become mature.

* Lease period of Dumbara Estate was ended by 21st June 2022. Therefore, relevant cost and accumulated depreciation have been derecognised in the year 2022/23.

14.2. Consumable Biological Assets

As at 31st March	2024	2023
	Rs'000	Rs'000
14.2.1. Immature Plantations		
Cost:		
At the beginning of the year	13,467	39,293
Additions during the year	1,163	3,706
Transfers to Mature	-	(39,617)
Transfers (to)/from	(4,220)	10,456
Charged to Statement of Profit or Loss	-	(370)
At the end of the year	10,410	13,467
14.2.2. Mature Plantations		
Fair Value :		
At the beginning of the year	578,079	556,350
Decrease due to Harvest	(18,412)	(3,664)
Increase due to new plantations	-	39,617
Change in Fair Value less costs to sell	24,669	(14,224)
At the end of the year	584,335	578,079
14.2.3. Total Consumable Biological Assets	594,745	591,546

14.2.4. Basis of Valuation

Under LKAS 41 - Agriculture the company has valued its managed plantations at fair value less cost to sell. Managed timber plantations as at 31st March 2024 comprised approximately 330 hectares.

Managed trees which are less than five years old are considered to be immature consumable biological assets, amounting Rs.10.4 Million as at 31st March 2024. The cost of immature trees is treated as approximate fair value, particularly on the ground that little biological transformation has taken place and the impact of the biological transformation on price is not material. When such plantation become mature , the additional investments since taken over to bring them to maturity are transferred from immature to mature.

The mature consumable biological assets were valued by Chartered Valuer Mr.A.A.M.Fathihu- Proprietor of FM Valuers for 2023/24 using Discounted Cash Flow (DCF) method . In ascertaining the fair value of timber, physical verification was carried covering all the estates.

NOTES TO THE FINANCIAL STATEMENTS

14. BIOLOGICAL ASSETS (CONTD.)

Key assumptions used in valuation are;

14.2.4.1. The prices adopted are net of expenditure

14.2.4.2. Discounted rates used by the Valuer are within the range of 14%-16%.

The valuation, as presented in the external valuation model based on the net present value, takes into accounts the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realization value. The Board of Directors retains their view that commodity markets are inherently volatile and their long-term price projection are highly unpredictable. Hence, the sensitivity analysis regarding the selling price and discount rate variation as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the valuation against his own assumptions.

The biological assets of the Company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concession can and will be renewed at normal circumstances. Timber content expects to be realized in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

14.2.5. The Company is exposed to the following risks relating to its live tree plantation:-

14.2.5.1. Regulatory and Environmental Risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

14.2.5.2. Supply and Demand Risks

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

14.2.5.3. Climate and Other Risks

The Company's live tree plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

14.3. Sensitivity Analysis

14.3.1. Sensitivity Variation on Sales Price

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the average sales price applied. Simulations made for timber show that an increase or decrease by 5% of the estimated future selling price has the following effect on the Net Present Value of the Biological assets.

		-5.0%	+5.0%
31 March 2024	Rs'000	(29,217)	29,217
31 March 2023	Rs'000	(28,430)	28,430

14.3.2. Sensitivity Variation on Discount Rate

Net Present Value of the Biological Assets as appearing in the Statement of Financial Position are very sensitive to changes in the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the Net Present Value of the Biological assets.

		-1%	+1%
31 March 2024	Rs'000	27,089	(23,911)
31 March 2023	Rs'000	26,067	(22,999)

14.4. Capitalization of Borrowing Costs

Borrowing costs amounting to Rs.87.623 Million (Rs.74.992 Million in 2022/23) directly relating to investment in Biological Assets (Immature Plantations) have been capitalized during the period, at an average borrowing rate of 13.49% per annum (20.67% per annum in 2022/23).

As at 31st March	2024 Rs'000	2023 Rs'000
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14.5. Non-harvested Produce on Bearer Biological Assets

At the beginning of the year	9,847	8,129
Gain on Fair Value of Non-harvested Produce	9,651	9,847
Charged to Statement of Profit or Loss	(9,847)	(8,129)
At the end of the year	9,651	9,847

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows :-

Tea -three days crop (50% of 6 days cycle), Oil Palm -five days crop (50% of 10 days cycle), Rubber -one day crop (50% of 2 days cycle) and Coconut -one month crop (50% of 2 months cycle).

Produce that grows on mature bearer plantations are measured at fair value less cost of harvesting and transport. The fair value of the unharvested green leaves is measured using the bought leaf formula recommended by the Sri Lanka Tea Board, the fair value of the unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the using the Bought Mill Price and the Rubber crop is fair valued using 95% of RSS 1 Price. Coconut is fair valued using the Farm Gate Price.

NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY, PLANT & EQUIPMENT

	Infrastructure and Buildings	Plant & Machinery	F & F / Equipment	Computer Software	Motor Vehicles	Capital Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost :							
As at 1st April 2022	375,021	441,197	184,384	16,533	195,633	41,977	1,254,745
Additions	38,533	47,849	91,413	-	12,428	(36,565)	153,658
On disposals	-	-	(102)	-	-	-	(102)
Transfers from/(to)*	(32,663)	(68,660)	(4,363)	(664)	(4,846)	-	(111,196)
As at 31st March 2023	380,891	420,387	271,332	15,869	203,215	5,412	1,297,106
Depreciation :							
As at 1st April 2022	155,130	354,854	101,604	16,251	184,155	-	811,994
Charge for the year	10,750	16,161	12,114	94	4,933	-	44,052
On disposals	-	-	(26)	-	-	-	(26)
Transfers from/(to)*	(32,663)	(68,660)	(4,363)	(664)	(4,846)	-	(111,196)
As at 31st March 2023	133,216	302,356	109,330	15,681	184,242	-	744,827
Cost :							
As at 1st April 2023	380,891	420,387	271,332	15,869	203,215	5,412	1,297,106
Additions	25,314	10,757	43,629	811	14,158	(1,540)	93,128
On disposals	(1,925)	(338)	(71,203)	(1,472)	(704)	-	(75,642)
As at 31st March 2024	404,280	430,805	243,758	15,208	216,669	3,872	1,314,593
Depreciation :							
As at 1st April 2023	133,216	302,356	109,330	15,681	184,242	-	744,827
Charge for the year	12,773	16,593	29,446	94	4,542	-	63,448
On disposals	(634)	(338)	(70,375)	(1,472)	(704)	-	(73,523)
As at 31st March 2024	145,355	318,612	68,401	14,303	188,079	-	734,750
Carrying Amount :							
As at 31st March 2024	258,925	112,194	175,357	905	28,589	3,872	579,843
As at 31st March 2023	247,675	118,030	162,001	187	18,973	5,412	552,281

- (a) These Property, Plant and Equipment are those movable assets vested in the Company by Gazette Notification on the date of formation of the company (i.e.22nd June 1992), and all investment in tangible assets(both movables and immovables) by the Company since its formation, other than plantation improvements.
- (b) The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at the year end is Rs. 432.1 Million (2022/23-Rs.459.7 Million).
- (c) Details of assets pledged as mortgage are more fully described under Note 20 "Interest Bearing Loans & Borrowings".
- (d) Capital Work in Progress as at 31st March 2024 mainly includes construction of buildings.
- (e)* Lease period of Dumbara Estate was ended in 21st June 2022. Therefore, relevant cost and accumulated depreciation have been derecognized in the year 2022/23.

15.1. Extents, Locations, Valuations and Number of Buildings of the Company's Land Holdings

Location	Planting District	Leasehold Lands		Buildings			Total
		Extents	Valuation*	Numbers	Leasehold Valuation*	Freehold Cost	
		Hectares.	Rs'000		Rs'000	Rs'000	
Up-Country							
Upcot/Maskeliya Region							
Alton	Nuwara Eliya	350	12,914	269	4,368	23,397	27,765
Fairlawn	Nuwara Eliya	448	17,132	228	3,754	27,530	31,283
Gouravilla	Nuwara Eliya	381	13,912	770	7,700	35,159	42,859
Mahanilu	Nuwara Eliya	236	9,058	145	4,923	10,654	15,577
Stockholm	Nuwara Eliya	305	11,393	522	5,034	56,378	61,412
Regional Total		1,720	64,409	1,934	25,779	153,118	178,895
Lindula Region							
Bambrakelly	Nuwara Eliya	591	19,728	357	4,347	24,193	28,540
Eildon Hall	Nuwara Eliya	162	6,301	303	2,941	17,506	20,447
Tillicoultry	Nuwara Eliya	377	13,807	691	3,608	12,249	15,857
Regional Total		1,130	39,836	1,351	10,895	53,948	64,843
Up-Country Total		2,850	104,245	3,285	36,674	207,066	243,738
Low Country							
Millakande	Kalutara	387	14,822	177	1,680	20,039	21,719
Halwatura	Kalutara	612	16,110	80	1,198	13,513	14,712
Hillstream	Kalutara	400	12,317	24	561	3,483	4,044
Neuchatel	Kalutara	902	20,172	105	1,361	28,214	29,575
Mirishena	Kalutara	487	12,908	152	1,376	10,232	11,608
Frocester/Kobowella	Kalutara	881	24,358	140	3,069	36,899	39,968
Low-Country Total		3,669	100,686	678	9,246	112,380	121,626
Total		6,519	204,931	3,963	45,920	319,446	365,365

* Capitalized Values of the Lands and Buildings at 22nd June 1992.

NOTES TO THE FINANCIAL STATEMENTS

As at 31st March		2024	2023
		Rs'000	Rs'000
16.	INVENTORIES		
	Harvested Crops	300,206	323,859
	Value Added Products	1,216	3,507
	Consumables and Spares	225,100	146,963
	Nurseries and Compost	7,241	11,778
		533,764	486,107
	Provision for Obsolete/Slow Moving Inventories (Refer Note 16.1)	(9,328)	9,721
		524,435	476,386
16.1.	Provision for Obsolete Inventories		
	At the beginning of the year	9,721	2,944
	(Reversal)/Charge for the year	(393)	6,776
	At the end of the year	9,328	9,721
As at 31st March		2024	2023
		Rs'000	Rs'000
17.	TRADE AND OTHER RECEIVABLES		
	Trade Receivables	99,832	102,866
	Staff Debtors	31,357	30,487
	Tax Recoverable	650	506
	Other Receivables	6,533	9,829
	Deposits, Advances and Prepayments	46,389	59,976
		184,762	203,665
	Provision for Impairment of Other Receivables (Refer Note 17.1)	(6,706)	(6,105)
		178,057	197,560
17.1	Provision for Impairment of Other Receivables		
	At the beginning of the year	6,105	1,146
	Charge for the Year	601	4,959
	At the end of the year	6,706	6,105
17.2	Advance Company Tax (ACT) Recoverable		
	Advance Company Tax	27,285	27,285
	Provision for Advance Company Tax (ACT)		
	At the beginning of the year	27,285	9,699
	Provisions made during the year	-	17,586
	At the end of the year	27,285	27,285
	Carrying Value as at 31 March	-	-

As at 31st March		2024	2023
		Rs'000	Rs'000
18.	CASH & CASH EQUIVALENTS		
18.1.	Favorable Balances		
	Short Term Monetary Investments	25,803	22,681
	Cash at Bank and in Hand	19,213	12,761
	Cash in Transit	2,106	1,937
	Cash and Cash Equivalents shown in the Statement of Financial Position	47,122	37,379
18.2.	Unfavorable Balances		
	Bank Overdrafts (Refer Note No.26.1)	(323,544)	(497,003)
18.3	Cash and Cash Equivalents shown in the Statement of Cash Flows	(276,422)	(459,624)

As at 31st March		2024	2023
		Rs.	Rs.
19.	STATED CAPITAL		
	Issued and Fully Paid :-		
	25,000,000 Ordinary Shares	250,000,000	250,000,000
	1 Golden Share held by Secretary to the Treasury (Refer Note 19.1)	10	10
		250,000,010	250,000,010

19.1. Rights of the Golden Shareholder :

The concurrence of the Golden Shareholder will be required for the Company to sub-lease any of the estate lands/to be leased to the company by the Janatha Estate Development Board/Sri Lanka State Plantations Corporation.

The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.

The Golden Shareholder or his nominee, will have the right to examine the books and accounts of the company at any time with two weeks written notice.

The Company will be required to submit a detailed quarterly report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of each fiscal year.

The Golden Shareholder can request the Board of Directors of the Company to meet with him/his nominee, once every quarter to discuss issues of interests to the Government relating to the Company's operations.

The Golden Share must be owned either directly by the Government or by a 100% Government owned public company.

NOTES TO THE FINANCIAL STATEMENTS

20. INTEREST BEARING LOANS & BORROWINGS

As at 31st March	2024	2023
	Rs'000	Rs'000
At the beginning of the year	1,190,814	1,200,434
Loans obtained during the year	800,000	428,985
Repayments during the year	(444,875)	(438,604)
At the end of the year	1,545,939	1,190,814

20.1. Payable as follows:-

Amount repayable within one year	447,077	444,875
Amount repayable more than one year	1,098,862	745,939
Total Payable	1,545,939	1,190,814

20.2. Project Loans repayable in forty eight (48 months), after a twenty four (24) months grace period / * forty eight (48) months, after a twelve (12) months grace period:

Purpose	Date of Receipt	Hatton National Bank PLC		2024	2023
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Main & Minor Crops	19-May-14	200,000	AWPLR + 0.75%	-	16,850
Replanting of Main & Minor Crops	24-Mar-17	250,000	AWPLR + 2.00%	21,200	83,600
Replanting of Main & Minor Crops	30-May-18	200,000	AWPLR + 1.75%	61,400	111,800
Replanting of Main & Minor Crops*	31-Dec-20	250,000	AWPLR + 1.25%	109,384	171,880
Replanting of Main & Minor Crops**	5-May-22	275,000	AWPLR + 1.50%	217,700	275,000
Replanting of Main & Minor Crops*	21-Sep-23	228,000	AWPLR + 1.00%	228,000	-
Replanting of Main & Minor Crops*	21-Sep-23	172,000	AWPLR + 1.00%	172,000	-
		1,575,000		809,684	659,130

Security Offered :

Primary Floating Mortgage for Rs.550 Million, over leasehold rights of Frocester Estate.

Primary Floating Mortgage for Rs.400 Million, over leasehold rights of Bambrakelly Estate.

**Primary Floating Mortgage for Rs.275 Million, over leasehold rights of Mirishena Estate.

20.3. Project Loans repayable in seventy two (72) monthly installments, after a twenty four (24) months grace period:

Purpose	Date of Receipt	Commercial Bank of Ceylon PLC		2024	2023
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Main Crops	7-Sep-17	100,000	AWPLR + 2.00%	31,890	48,570
		100,000		31,890	48,570

Security Offered :

Primary Floating Mortgage for Rs.120 Million, over the leasehold rights of land and buildings of Stockholm Estate.

20.4. Project Loans repayable in forty eight (48) monthly installments, after a twenty four (24) months grace period:

Purpose	Date of Receipt	Sampath Bank PLC		2024	2023
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Oil Palm	31-Jul-19	200,000	Monthly AWPLR + 0.50%	65,600	116,000
		200,000		65,600	116,000

Security Offered :

Primary Mortgage for Rs.150 Million, over the leasehold rights of land and buildings of Gouravilla Estate.

Primary Mortgage for Rs.150 Million, over the leasehold rights of land and buildings of Alton Estate.

20.5. Project Loans repayable in sixty (60) monthly installments :

Purpose	Date of Receipt	Commercial Bank of Ceylon PLC		2024	2023
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Tea, Rubber, Coconut and Other Crops	26-Mar-21	350,000	Fixed Rate 8.50%	139,976	209,984
		350,000		139,976	209,984

Security Offered :

Primary Mortgage Bond over receivables of Tea sales routed through Forbes and Workers Tea Brokers (Pvt) Ltd and John Keells PLC.

20.6. Project Term Loan repayable in forty eight (48) monthly installments, after a twenty four (24) months grace period:

Purpose	Date of Receipt	Sampath Bank PLC		2024	2023
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Replanting of Main & Minor Crops	13-Dec-23	400,000	Monthly AWPLR + 0.25%	400,000	-
		400,000		400,000	-

Security Offered :

Existing Primary Mortgage of Rs. 150 Million and additional Mortgage for Rs.158.75 Million, over the leasehold rights of land and buildings of Gouravilla Estate.

Existing Primary Mortgage of Rs. 150 Million and additional Mortgage for Rs.118.45 Million, over the leasehold rights of land and buildings of Alton Estate.

Lien over the funds lying to the credit of the Fixed Deposit.

NOTES TO THE FINANCIAL STATEMENTS

20. INTEREST BEARING LOANS & BORROWINGS (CONTD.)

20.7. Term Loan, repayable in thirty six (36) monthly installments:

Purpose	Date of Receipt	Hatton National Bank PLC		2024	2023
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Working Capital Management	5-May-22	125,000	AWPLR + 1.40%	48,550	90,250
		125,000		48,550	90,250

Security Offered :

Primary Floating Mortgage for Rs.125 Million, over leasehold rights of the property of Mirishena Estate.

20.8. Term Loan, repayable in twenty four (24) monthly installments:

Purpose	Date of Receipt	Seylan Bank PLC		2024	2023
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
COVID-19 Facility for Working Capital Management	31-Jul-20	15,000	Fixed Rate of 4.00%	-	2,148
		15,000		-	2,148

Security Offered :

No security has been offered.

20.9. Term Loan, repayable in sixty (60) monthly installments, after a six (06) months grace period:

Purpose	Date of Receipt	Commercial Bank of Ceylon PLC		2024	2023
		Capital (Rs'000)	Interest Rate (p.a.)	Rs'000	Rs'000
Installation of Rooftop Solar Panels and related equipment (Alton, Fairlawn and Stockholm Estates)	31-Jan-22	43,477	Fixed Rate of 7.75%	28,984	37,680
Installation of Rooftop Solar Panels and related equipment (Gouravilla and Mahanilu Estates)	16-Jun-22	28,985	AWPLR + 1.50%	21,255	27,052
		72,461		50,239	64,732

Security Offered :

Primary mortgage bond over Solar Panels and related equipment of Alton, Fairlawn, Stockholm, Gouravilla and Mahanilu Estates.

As at 31st March	2024	2023
	Rs'000	Rs'000
Total Payable	1,545,939	1,190,814

20.10. Maturity Analysis :

Financial Institution	Within Year-1	Within Year-2	Between Year-3 & Year-5	More than 5 Years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Hatton National Bank PLC (Refer Note 20.2)	21,200	-	-	-	21,200
	50,400	11,000	-	-	61,400
	62,496	46,888	-	-	109,384
	68,760	68,760	80,180	-	217,700
	28,500	57,000	142,500	-	228,000
	22,440	44,880	104,680	-	172,000
Commercial Bank of Ceylon PLC (Refer Note 20.3)	16,680	15,210	-	-	31,890
Sampath Bank Bank PLC (Refer Note 20.4)	50,400	15,200	-	-	65,600
Commercial Bank of Ceylon PLC (Refer Note 20.5)	70,008	69,968	-	-	139,976
Sampath Bank PLC (Refer Note 20.6)	-	33,600	302,400	64,000	400,000
Hatton National Bank PLC (Refer Note 20.7)	41,700	6,850	-	-	48,550
Commercial Bank of Ceylon PLC (Refer Note 20.9)	14,493	14,493	21,253	-	50,239
Total	447,077	383,849	651,013	64,000	1,545,939

21. LEASE LIABILITIES

As at 31st March	2024			2023		
	Payable Within One Year	Payable After One Year	Total	Payable Within One Year	Payable After One Year	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Lease Liabilities - Lands (Refer Note 21.1)	2,609	255,867	258,476	1,510	173,848	175,358
Lease Liabilities - Building (Refer Note 21.2)	10,143	-	10,143	8,956	10,143	19,099
	12,752	255,867	268,619	10,467	183,991	194,458

NOTES TO THE FINANCIAL STATEMENTS

21. LEASE LIABILITIES (CONTD.)

21.1 Lease Liabilities - Lands

As at 31st March	2024			2023		
	Gross Liability	Future Finance Cost	Net Liability	Gross Liability	Future Finance Cost	Net Liability
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
21.1.1. Movement :						
As at 1st April	557,936	(382,578)	175,358	540,695	(377,121)	163,574
Interim remeasurement of right-of-use asset as at 1st July	270,624	(182,777)	87,847	42,448	(29,216)	13,232
	828,560	(565,355)	263,205	583,143	(406,337)	176,806
Repayments during the year	(37,508)	-	(37,508)	(25,207)	-	(25,207)
Interest Expense for the year	-	32,779	32,779	-	23,759	23,759
At the end of the year	791,051	(532,576)	258,475	557,936	(382,578)	175,358
21.1.2 Payable as follows :						
Payable within One Year						
Payable by due dates	37,911	(35,302)	2,609	25,341	(23,831)	1,510
	37,911	(35,302)	2,609	25,341	(23,831)	1,510
Payable after One Year :-						
Payable within Two to Five Years	150,865	(137,552)	13,313	101,365	(93,639)	7,726
Payable after Five Years	602,278	(359,723)	242,555	431,230	(265,108)	166,122
	753,142	(497,275)	255,867	532,595	(358,747)	173,848
Total Payable	791,053	(532,577)	258,476	557,936	(382,578)	175,358

The weighted average incremental borrowing rate applied to the lease liabilities was 14.44% (01 April 2019).

The rental payable under the JEDB/SLSPC lease is Rs. 9.377 Million per quarter until 21st July 2045 and this amount to be inflated annually by Gross Domestic Production (GDP) Deflator. The future liability will be remeasured annually based on the inflated annual lease rental.

21.2. Lease Liabilities - Building

As at 31st March	2024			2023		
	Gross Liability	Future Finance Cost	Net Liability	Gross Liability	Future Finance Cost	Net Liability
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000

21.2.1. Movement

At the beginning of the year	21,686	(2,587)	19,099	32,529	(5,521)	27,008
Accretion of Interest	-	1,887	1,887		2,935	2,935
Payments during the year	(10,843)	-	(10,843)	(10,843)		(10,843)
At the end of the year	10,843	(700)	10,143	21,686	(2,587)	19,099

21.2.2. Payable as follows

Payable within One Year	10,843	(700)	10,143	10,843	(1,887)	8,956
Payable after One Year	-	-	-	10,843	(700)	10,143
Total Lease Liability as at 31 March	10,843	(700)	10,143	21,686	(2,587)	19,099

The weighted average incremental borrowing rate applied to the lease liabilities was 12.51% (01 April 2020).

21.3. Lease Liabilities - Other Right of Use Assets

As at 31st March	2024			2023		
	Gross Liability	Future Finance Cost	Net Liability	Gross Liability	Future Finance Cost	Net Liability
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000

21.3.1. Movement :

At the beginning of the year	-	-	-	1,516	(93)	1,423
Repayments	-	-	-	(1,516)	-	(1,516)
Interest Expense for the year	-	-	-	-	93	93
At the end of the year	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

21. LEASE LIABILITIES (CONTD.)

21.4. Following are the Amounts recognized in Statement of Profit or Loss and Statement of Cash Flows related to all the leases of the Company as of the reporting date:-

As at 31st March	2024	2023
	Rs'000	Rs'000
Amounts recognized in Statement of Profit or Loss		
- Interest on Lease Liabilities	34,666	26,787
- Amortization of ROU Assets	23,706	23,183
Amounts recognized in Statement of Cash Flows		
- Total Cash outflows for Leases	48,351	37,566

22. RETIREMENT BENEFIT OBLIGATIONS

As at 31st March	2024	2023
	Rs'000	Rs'000
At the beginning of the year	505,748	526,658
Provision made during the year	239,210	152,796
Payments made during the year	(143,350)	(173,706)
At the end of the year	601,608	505,748
Payable for Retired Employees included under Current Liabilities	(39,188)	(46,915)
Present Value of Obligation as at 31st March	562,419	458,833

An Actuarial Valuation of the retirement benefit obligation was carried out as at 31st March 2024 by Mr. M. Poopalanathan, Actuarial & Management Consultants (Pvt) Ltd.

The valuation method used by the actuaries to value the benefit is the "Project Unit Credit (PUC) Method", the method recommended by the Sri Lanka Accounting Standards (LKAS) No.19 "Employee Benefits".

According to the actuarial valuation report as at 31 March 2024, the actuarial present value of promised retirement benefits amounted to Rs.562.419 Million. If the Company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 620.546 Million.

22.1. The amount recognized in the Statement of Financial Position is as follows:-

As at 31st March	2024	2023
	Rs'000	Rs'000
Present Value of Unfunded Obligation	562,419	458,833
Present Value of Funded Obligation	-	-
Total Present Value of Obligation	562,419	458,833
Fair Value of Plan Assets	-	-
Present Value of Net Obligation	562,419	458,833
Unrecognized Actuarial (Gain)/Losses	-	-
Recognized liability for Retirement Benefit Obligations	562,419	458,833

22.2. Movement in the Present Value of Retirement Benefit Obligations :-

As at 31st March	2024	2023
	Rs'000	Rs'000
Liability for Retirement Benefit Obligations as at 1st April	458,833	483,611
Actuarial Loss - due to experience adjustments	11,364	22,691
Actuarial Loss - due to changes in financial assumptions	114,082	29,068
Benefit payable by the Plan	(135,624)	(177,574)
Current Service Cost	28,880	28,495
Interest Cost	84,884	72,542
Liability for Retirement Benefit Obligations as at 31st March	562,419	458,833

22.3. Expenses recognized in Statement of Profit or Loss and Other Comprehensive Income:-

As at 31st March	2024	2023
	Rs'000	Rs'000
Current Service Cost	28,880	28,495
Interest Cost	84,884	72,542
Actuarial Loss during the year	125,446	51,759
	239,210	152,796

22.4. The Key Assumptions used by the actuary include the following:-

As at 31st March	2024	2023
22.4.1. Rate of Interest	-12% per annum	18.5% per annum
22.4.2. Rate of Salary Increase		
-Workers	-10.00% per annum	-13.00% per annum (average)
-Estate Staff	-11.00% per annum	-16.00% per annum (average)
-Head Office Staff	-11.00% per annum	-16.00% per annum (average)
22.4.3. Retirement Age		
-Workers	-60 years	-60 years
-Estate Staff	-60 years	-60 years
-Head Office Staff	-60 years	-60 years
22.4.4. Staff Turnover	- range of 0.07 to 0.02	- range of 0.07 to 0.02

22.4.5. The Company will continue as a going concern.

22.4.6. The weighted average duration of the Retirement Benefit Obligation at the end of the reporting period is 9.6 years and 9.4 years for staff and workers respectively.

22.4.7. A Long-term treasury bond rate 12.00% p.a. (2023 - 18.50% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

22.5. Sensitivity Analysis:-

The following sensitivity analysis shows the significance of the change in liability of Present Value of the Retirement Benefit Obligation due to change in salary/wage escalation rate and discount rate assumed in this valuation, for all employees as at 31st March 2024 :-

Discount Rate	Salary Escalation Rate	Impact to Present Value of the Retirement Benefit Obligations Rs '000
Increase of 1%	As per Note No.22.4.2	(44,599)
Decrease of 1%	As per Note No.22.4.2	51,188
As per Note No.22.4.1	Increase of 1%	53,950
As per Note No.22.4.1	Decrease of 1%	(47,663)

22.6. Maturity Profile of the Retirement Benefit Obligation :-

Future Working Life Time	Present Value of the Retirement Benefit Obligations Rs'000
Within the next 12 months	50,513
Between 1 - 5 years	131,612
Between 5 -10 years	136,441
Beyond 10 years	243,853
Total	562,419

23. DEFERRED INCOME

As at 31st March	2024 Rs'000	2023 Rs'000
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23.1. Deferred Capital Grants and Subsidies

23.1.1. Movement :

Grant and Subsidies Received :		
At the beginning of the year	210,139	209,318
Received during the year	500	821
At the end of the year	210,639	210,139
Accumulated Amortization :		
At the beginning of the year	103,665	95,995
Amortisation for the year	7,803	7,671
At the end of the year	111,468	103,665
Net Grants and Subsidies	99,172	106,475

The amounts spent are included under the relevant category of Property, Plant & Equipment and Biological Assets and the grant/subsidies received for such is reflected under Deferred Income. When the Company complies with the conditions attached to the grants/subsidies, the grants/subsidies will be credited to the Statement of Profit or Loss over the useful life of the respective assets.

23.1 Deferred Capital Grants and Subsidies (Contd.)

23.1.2. Category wise details on Deferred Capital Grants and Subsidies

Granted By	Purpose of the Grant	Amount Received (to-date) Rs'000	Basis of Amortization	Balance as at 31-Mar-23 Rs'000	Received During the Year Rs'000	Amortized During the Year Rs'000	Balance as at 31-Mar-24 Rs'000
Sri Lanka Tea Board	Tea Factory Modernization	1,602	Rate of Depreciation applicable to Plant & Machinery (7.50% p.a.)	963	-	(96)	867
	Tea Replanting Subsidy	8,336	Will be amortised at rate applicable to Tea Mature Plantations, after become mature (3.00% p.a.)	7,102	500	(310)	7,292
	Farm Waste Shredder	300	Rate of Depreciation applicable to Equipment (20% p.a.)	263	-	(38)	225
Plantation Development Project (PDP) -Asian Development Bank (ADB)	Improvement of workers living environment	31,588	Rate of Depreciation applicable to Buildings (2.50% p.a.)	12,059	-	(1,128)	10,930
Plantation Human Development Trust (PHDT)	Improvement of workers living environment	45,143	Rate of Depreciation applicable to Buildings and Furniture & Fittings (2.50% and 10.00% p.a.)	20,736	-	(1,600)	19,135
Estate Infrastructure Development Project (EIDP)	Improvement of workers living environment	489	Rate of Depreciation applicable to Buildings (2.50% p.a.)	201	-	(17)	183
Plantation Development Project (PDP) -ADB/JBIC	Improvement of workers living environment	20,051	Rate of Depreciation applicable to Buildings (2.50% p.a.)	11,034	-	(716)	10,318
	Internal Road Development and Boundry Posts	4,622	Rate of Depreciation applicable to Permanent Land Development Cost (2.50% p.a.)	2,639	-	(165)	2,474
	Minor Factory Development	10,099	Rate of Depreciation applicable to Buildings (2.50% p.a.)	5,847	-	(361)	5,486
Rubber Development Department (RDD)	Rubber Replanting Subsidy	51,311	Will be amortised at rate applicable to Rubber Mature Plantations, after become mature (5.00% p.a.)	45,532	-	(3,363)	42,169
Export Agriculture Department (EAD)	Cinnamon Replanting Subsidy	130	Will be amortised at rate applicable to Cinnamon Mature Plantations, after become mature (6.67% p.a.)	101	-	(9)	92
		173,670		106,475	500	(7,803)	99,172

NOTES TO THE FINANCIAL STATEMENTS

24. DEFERRED TAX LIABILITY

As at 31st March	2024	2023
	Rs'000	Rs'000
At the beginning of the year	583,027	129,110
Charged during the year (Refer Note 11.4.1)	84,344	453,917
At the end of the year	667,370	583,027

25. TRADE AND OTHER PAYABLES

As at 31st March	2024	2023
	Rs'000	Rs'000
Trade and Service Creditors	85,084	93,525
Retiring Benefit Obligations -Current Payable (Refer Note 22)	39,188	46,915
Bank Interest Payable	5,147	8,645
Other Payables and Accrued Charges (Refer Note 25.1)	199,132	212,592
	328,552	361,677

25.1. Other Payables and Accrued Charges :

Staff Creditors	67,242	79,260
Government Departments and Statutory Bodies	33,107	27,536
Others including Provisions and Accrued Charges	98,783	105,796
	199,132	212,592

26. SHORT TERM BORROWINGS

26.1. Bank Overdrafts (Secured) :

The following facilities were granted to the Company, during the year under review :-

Financial Institution	Type of Securities	Rate of Interest (per annum)	Facility Available	2024	2023
				Rs'000	Rs'000
Seylan Bank PLC Millennium Branch Colombo 3	Mortgage over leasehold rights of Mahanilu Estate, including land and buildings, fixed and floating assets.	Monthly AWPLR + 2.50%	100,000	5,172	72,670
Commercial Bank of Ceylon PLC Foreign Branch Colombo 1	Mortgage over leasehold rights of Stockholm Estate and Fairlawn Estate, including buildings, fixed and floating assets.	Weekly AWPLR + 0.50%	200,000	134,709	181,054
Hatton National Bank PLC Dehiwala	Mortgage over leasehold rights of Eildon Hall Estate and Frocester Estate, including buildings, fixed and floating assets.	Weekly AWPLR + 0.50%	150,000	148,340	145,732
Sampath Bank PLC Headquarters Branch Colombo 2	Primary Mortgage Bond over leasehold rights of Gouravilla Estate.	Monthly AWPLR + 0.50%	100,000	35,323	97,548
				323,544	497,003

26.2 Other Short Term Loans (Secured) :

Financial Institution	Type of Securities	Rate of Interest (per annum)	Facility	2024	2023
				Rs'000	Rs'000
Hatton National Bank PLC	Not Applicable	Weekly AWPLR + 0.25%	150,000	-	-
Total Other Short Term Loans (Refer Note 26.2.1)				-	-
Total Short Term Borrowings				323,544	497,003

26.2.1 Other Short Term Loans

As at 31st March	2024	2023
	Rs'000	Rs'000
Movement		
At the beginning of the year	-	180,000
Loans obtained during the year	150,000	44,318
Repayments during the year	(150,000)	(224,318)
At the end of the year	-	-

27. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the year end except for the following:

27.1. Legal Proceedings on Labour and Other Disputes: -

Several legal cases and disputes are pending against the company in Labour Tribunal and Courts. All these cases are being vigorously contested /prosecuted and our lawyers have advised that an evaluation of the likelihood of an unfavorable outcome and the amount or range of potential loss cannot be quantified or commented upon at this stage.

28. COMMITMENTS**28.1. Financial Commitments:-**

There are no material Financial Commitments other than the JEDB/SLSPC. Lease Rentals Payable to the Secretary to the Treasury as explained in Note 21.1. Lease Liabilities - Lands.

28.2. Capital Commitments:-

There were no capital commitments outstanding as at the year end.

29. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No material event has occurred subsequent to the Reporting Period, which require adjustments to or disclosures in the Financial Statements except for the following:

The Commissioner General of Labor, by way of Government Gazette No. 2382/ 04 dated 30 April 2024, issued a notification to determine the minimum payment in respect of the workers engaged in Tea Growing and Manufacturing Trade and Rubber Growing and Raw Rubber Manufacturing Trade under section 33(2) of the Wages Boards Ordinance. As of the date of approval of these financial statements, the final wage rate is yet to be determined by the Ministry. Therefore, the Company is not able to determine the financial effects of this proposed wage increase by the Government Gazette No. 2382/ 04.

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS & BALANCES

As at 31st March	2024	2023
	Rs'000	Rs'000

30.1. The following balances were outstanding as at the year end :-

30.1.1. Related Companies Receivables:

Hayleys Consumer Products Ltd	Affiliate	69	111
Kelani Valley Plantations PLC	Affiliate	519	-
Talawakelle Tea Estates PLC	Affiliate	28	-
North South Line (Private) Limited	Affiliate	5	-
Hayleys Fentons Limited	Affiliate	500	500
Royal Ceramics Lanka PLC	Other Related Company	125	126
Rocell Barhware Ltd	Other Related Company	83	146
Uni-Dil Pakaging Limited	Other Related Company	150	150
Lanka Ceramic PLC	Other Related Company	-	27
Lanka Walltile PLC	Other Related Company	86	1,507
Lanka Tiles PLC	Other Related Company	153	96
Delmage Forsyth & Co., Limited	Other Related Company	-	6,720
		1,719	9,384

30.1.2. Related Companies Payables

Hayleys PLC	Ultimate Parent	1,994	1,437
Hayleys Plantation Services (Private) Limited	Immediate Parent	4,335	-
Hayleys Agriculture Holdings Limited	Affiliate	647	2,678
Hayleys Agro Fertilizer (Private) Limited	Affiliate	15,015	-
Hayleys Business Solutions International (Private) Limited	Affiliate	205	14
Kelani Valley Plantations PLC	Affiliate	1,119	1,677
Talawakelle Tea Estates PLC	Affiliate	883	2,882
Logiwiz Limited	Affiliate	4	5
Vallibel Plantation Management Limited	Other Related Company	-	23,894
Lanka Tiles PLC	Other Related Company	-	5
Royal Ceramics Lanka PLC	Other Related Company	174	43
Uni-Dil Pakaging Limited	Other Related Company	-	218
Uni-Dil Pakaging Solutions Limited	Other Related Company	-	76
		24,377	32,930

30.2. Transactions with Related Companies:

The transactions carried out in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard LKAS 24 "Related Party Disclosure". The details of which are reported below:-

Name of Company	Name of Director	Nature of Interest	Details of Transactions	2024	2023
				Rs'000	Rs'000
Hayleys PLC <i>Ultimate Parent</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Executive Director	Office Premises Rentals & Related Services	40,609	34,408
			Settlements	(40,053)	(38,190)
			Management Fee	-	16,200
			Settlements	-	(16,200)
			Sale of Goods	107	-
			Settlements	(107)	-
Hayleys Plantation Services (Private) Limited <i>Immediate Parent</i>	Mr. A.M.Pandithage Dr. Roshan Rajadurai	Executive Chairman Managing Director	Dividend Payable (Net of Tax)	28,719	-
			Dividend Paid (Net of Tax)	(24,384)	-
Hayleys Fentons Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Solar Power System	1,879	50,577
			Settlements	(1,879)	(88,939)
Hayleys Business Solutions International (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Salary Processing Fee	209	218
			Other Services	192	-
			Settlements	(209)	(204)
Hayleys Aventura (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Office Premises Related Services	447	656
			Settlement	(447)	(656)
Logiwiz Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Document Storage Rental	63	53
			Settlement	(63)	(48)
Hayleys Agriculture Holdings Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Purchase of Agri Equipment	17,295	12,232
			Settlements	(19,325)	(10,416)
Hayleys Agro Fertilizer (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Purchase of Fertilizer	282,294	126,407
			Settlements	(267,279)	(126,408)
Hayleys Travels (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Air Tickets	516	-
			Settlements	(516)	-
Yusen Logistics & Kusuhara Lanka (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Office Premises Related Services	3	-
			Settlements	(3)	-

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS AND BALANCES (CONTD.)

Name of Company	Name of Director	Nature of Interest	Details of Transactions	2024	2023
				Rs'000	Rs'000
Singer (Sri Lanka) PLC <i>Affiliate</i>	Mr. A.M.Pandithage Mr. S. C. Ganegoda	Executive Chairman Director	Purchase of Equipment	628	686
			Settlements	(628)	(686)
Kelani Valley Plantations PLC <i>Affiliate</i>	Mr. A.M.Pandithage Dr. Roshan Rajadurai Mr. S. C. Ganegoda	Executive Chairman Managing Director Director	Reimbursement of Management Expenses	3,537	7,400
			Settlements	(4,613)	(6,237)
Talawakelle Tea Estates PLC <i>Affiliate</i>	Mr. A.M.Pandithage Dr. Roshan Rajadurai	Executive Chairman Managing Director	Reimbursement of Management Expenses	5,760	3,291
			Settlements	(7,787)	(415)
Hayleys Consumer Products Ltd <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Sale of Value Added Products	532	154
			Settlements	(574)	(43)
Hayleylines Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Reimbursement of Expenses	8	-
			Settlements	(8)	-
Hayleys Lifesciences (Private) Limited <i>Affiliate</i>	Mr. A.M.Pandithage	Executive Chairman	Purchase of Medical and Analytical Equipments	5	-
			Settlements	-	-

30.3. Transactions with Other Related Companies:

Name of Company	Name of Director	Nature of Interest/ Relationship	Details of Transactions	2024 Rs'000	2023 Rs'000
Diesel & Motor Engineering PLC <i>Other Related Company</i>	Mr. A.M.Pandithage	Director	Purchase of Motor Vehicle Spares	220	-
			Purchase of Fertilizer	15,799	1,013
			Settlements	(15,799)	(1,013)
Delmage Forsyth & Co. Ltd <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Sale of Tea	-	20,963
			Settlements	(6,720)	(20,323)
			Purchase of Equipment	-	62
			Settlements	-	(62)
Vallibel Plantation Management Ltd <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Reimbursement of Expenses	-	20,443
			Settlement of Expenses	(23,894)	(37,500)

Name of Company	Name of Director	Nature of Interest/ Relationship	Details of Transactions	2024 Rs'000	2023 Rs'000
Uni-Dil Packaging Limited <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Sale of Tea	750	260
			Settlements	(750)	(190)
			Purchase of Packing Materials	963	1,136
			Settlements	(1,181)	(1,668)
Uni-Dil Packaging Solutions Limited <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Packing Materials	12,134	15,678
			Settlements	(12,210)	(18,944)
Lanka Ceramic PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Sale of Tea	-	88
			Settlements	(27)	(71)
Lanka Walltiles PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Tiles	379	1,376
			Settlements	(379)	-
			Sale of Tea	304	130
			Settlements	(1,724)	-
Royal Ceramics Lanka PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Tiles	1,330	43
			Settlements	(1,199)	-
			Sale of Tea	623	138
			Settlements	(625)	(11)
Rocell Bathware Ltd <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Sanitaryware	751	-
			Settlements	(751)	-
			Sale of Tea	438	255
			Settlements	(501)	(109)
Lanka Tiles PLC <i>Other Related Company</i>	Not Applicable	Significant Shareholding	Purchase of Sanitaryware	243	5
			Settlements	(243)	-
			Sale of Tea	767	206
			Settlements	(710)	(110)

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTY TRANSACTIONS & BALANCES (CONTD.)

30.4 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard LKAS 24 "Related Party Disclosure", Key Management Personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly members of the Board of Directors (including Executive and Non-Executive Directors) has been classified as Key Management Personnel of the Company.

For the year ended 31st March	2024	2023
	Rs'000	Rs'000
Directors Emoluments	20,553	18,566
Post Employment benefits paid to Key Management Personnel	Nil	Nil

30.5. Related Party Transactions

There are no Non-recurrent Related Party Transactions where aggregate value exceeds 10% of the Equity or 5% of the Total Assets and Recurrent Related Party Transactions where aggregate value exceeds 10% Gross Revenue/Income.

31. FINANCIAL RISK MANAGEMENT

31.1. Overview :

The Company has exposure to the following risks from its use of financial instruments:-

- * Credit risk
- * Liquidity risk
- * Market risks (Including currency risk and interest rate risk)

This note present qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing those risks.

31.1.1 Risk Management Framework

The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Company's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

31.2 Credit Risk :

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customer, investment securities etc.

The Company is exposed to credit risk from its operating activities (primarily trade receivables), other advances including loans and advances to staff/workers, and from its financing activities, including deposits with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. The following figures show maximum risk positions.

As at 31st March	2024	2023
	Rs'000	Rs'000
Trade and Other Receivables	184,762	203,665
Related Companies Receivables	1,719	9,384
	186,481	213,049

31.2.1 Management of Credit Risk

Trade Receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. The company's credit policy is monitored at the Board level. The new customers are analyzed individually for credit worthiness before company's standard payment and delivery terms and conditions are offered. Company's review includes external ratings when available and in some cases; bank references, purchase limit etc., which also subject to review on quarterly basis. The past experience of the management is considered when revisions are made to terms and conditions.

The Company has a minimal credit risk of its trade receivables from Produce Brokers, as the repayment is guaranteed within seven days by the Tea and Rubber Auction systems.

Credit Quality of Financial Assets

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31st March 2024 is as follows:

As at 31st March	Carrying value	
	2024	2023
	Rs'000	Rs'000
Below 30 days	99,832	102,866
30 - 45 days	-	-
46 - 60 days	-	-
61 - Over	-	-
	99,832	102,866

The movement in the provision for impairment in respect of other receivables during the year was as follows.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONTD.)

31.2 Credit Risk (Contd.)

31.2.1 Management of Credit Risk (Contd.)

As at 31st March	Impairment	
	2024	2023
	Rs'000	Rs'000
At the beginning of the year	6,105	1,146
Provision for Impairment	601	4,959
At the end of the year	6,706	6,105

Impairment Loss Recognized

The Company believes that the unimpaired amounts that are past due by more than 45 days are still to be collected in full. Based on the Company's monitoring of customer credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

Amounts due from Related Companies

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each Related Company.

The Company does not require a provision for impairment in respect of Related Companies Receivables.

31.2.2. Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs. 47.122 Million at 31 March 2024 (2023: Rs.37.379 Million.) and the following table shows the credit ratings of the main banks with whom the Company has invested.

Bank	Credit rating
People's Bank	A
Sampath Bank PLC	A
Commercial Bank of Ceylon PLC	A

31.3. Liquidity Risk :

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable losses or damage to the company's reputation.

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its short-term and medium-term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Company holds cash and undrawn committed facilities to enable the Company to manage its liquidity risk.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected capital cash flows from operations.

31.3.1. Liquidity Risk Management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

The mixed approach combines elements of the cash-flow-matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows, plus other inflows that can be generated through the sale of assets or other secured borrowings.

The table below summarizes the maturity profile of the financial liabilities based on contractual undiscounted payments.

As at 31 March 2024	Current		Non Current			Total Rs'000
	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Above 5 years	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
Bank Overdrafts	323,544	-	-	-	-	323,544
Interest Bearing Loans and Borrowings	-	516,840	453,228	803,012	87,675	1,855,755
Lease Liabilities	-	48,754	37,716	113,148	602,278	801,896
Total	323,544	565,594	490,944	916,161	684,952	2,981,195

As at 31 March 2023	Current		Non Current			Total Rs'000
	Carrying value	Up to 1 year	Up to 2 years	Up to 5 years	Above 5 years	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
Bank Overdrafts	497,003	-	-	-	-	497,003
Interest Bearing Loans and Borrowings	-	531,619	482,403	538,797	-	1,552,819
Lease Liabilities	-	36,184	36,184	76,023	431,230	579,622
Total	497,003	567,803	518,587	614,820	431,230	2,629,444

31.4. Market Risk :

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc.; will affect the Company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL RISK MANAGEMENT (CONTD.)

31.4. Market Risk (Contd.)

31.4.1. Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments fluctuate because of changes in market interest rates. The Company has borrowings with AWPLR interest rate which would affect the Company's cash flow/profit as the amount of interest paid would be changed depending on market interest rate.

At the end of the reporting period the interest rate profile of the company's interest bearing financial instruments as reported to the management of the company was as follows :-

As at 31 March	Nominal Amount	
	2024	2023
	Rs'000	Rs'000
Variable Rate Instruments		
Financial Assets		
Short Term Investments	25,803	22,681
Financial Liabilities		
Interest bearing Loans and Borrowings	1,545,939	1,190,814
Bank Overdrafts	323,544	497,003
Total	1,869,483	1,687,817

A reasonable change of 100 basis points (bp) in interest rate at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant.

As at 31 March	Nominal Amount	
	2024	2023
	Rs'000	Rs'000
Variable Rate Instruments		
100 bp increase	(17,794)	(15,043)
100 bp decrease	17,794	15,043

The above table demonstrates the sensitivity to a reasonable change in interest rates on loans where floating rates are applicable with all other variables held constant.

Constant monitoring of market interest rates is carried out to ensure appropriate steps are taken to maximize the return on financial management and to minimize the cost of borrowings. The Company very strongly negotiates with banks and obtains best possible interest rates for the Company's borrowings. Listed below are steps adopted by the Company to minimize the effect of interest rate risks;

- Entering into loans with interest rate caps.
- Renegotiating with banks on interest rates whenever there are favorable fluctuation in the market rates.

31.4.2. Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Company also monitors the level of dividends to ordinary shareholders.

The Company's liabilities to adjusted capital ratio at the end of the reporting period was as follows.

As at 31st March	Nominal Amount	
	2024	2023
	Rs'000	Rs'000
Total Liabilities	3,819,993	3,425,217
Less: Cash and Cash Equivalents	(47,122)	(37,379)
Net Debt	3,772,871	3,387,838
Total Equity	880,396	929,954
Net Debt Equity Ratio	4.29	3.64

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

32.1. Fair Value Hierarchy for Financial Assets Carried at Fair Value

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level I: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices-or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by the market participants acting at arm's length.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTD.)

32.2 Analysis of financial instruments by measurement basis

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

As as 31st March 2024	Note	Mandatory at FVTPL - Others	FVOCI - Equity Instruments	Financial Assets at Amortized Cost	FVOCI - Debt Instruments	Other Financial Assets & Liabilities	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets							
Trade and Other Receivables	17	-	-	178,057	-	-	178,057
Related Companies Receivables	30.1.1	-	-	1,719	-	-	1,719
Cash and Cash Equivalents	18.1	-	-	47,122	-	-	47,122
Total		-	-	226,898	-	-	226,898
Financial Liabilities							
Interest bearing Borrowings	20.1	-	-	-	-	1,545,939	1,545,939
Lease Liabilities	21	-	-	-	-	268,619	268,619
Trade and Other Payables	25	-	-	-	-	328,552	328,552
Related Companies Payables	30.1.2	-	-	-	-	24,377	24,377
Bank Overdrafts	26.1	-	-	-	-	323,544	323,544
Total		-	-	-	-	2,491,031	2,491,031

As as 31st March 2023	Note	Mandatory at FVTPL - Others	FVOCI - Equity Instruments	Financial Assets at Amortized Cost	FVOCI - Debt Instruments	Other Financial Assets & Liabilities	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial Assets							
Trade and Other Receivables	17	-	-	197,560	-	-	197,560
Related Companies Receivables	30.1.1	-	-	9,384	-	-	9,384
Cash and Cash Equivalents	18.1	-	-	37,379	-	-	37,379
Total		-	-	244,323	-	-	244,323
Financial Liabilities							
Interest bearing Borrowings	20.1	-	-	-	-	1,190,814	1,190,814
Financial Lease Liabilities	21	-	-	-	-	194,458	194,458
Trade and Other Payables	25	-	-	-	-	361,677	361,677
Related Companies Payables	30.1.2	-	-	-	-	32,930	32,930
Bank Overdrafts	26.1	-	-	-	-	497,003	497,003
Total		-	-	-	-	2,276,882	2,276,882

The company does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not material for the disclosure.

32.3 Fair Value Hierarchy for Assets Carried at Fair Value

	Note	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
As at 31st March 2024					
Consumable Biological Assets	14.2.2	-	-	584,335	584,335
As at 31st March 2023					
Consumable Biological Assets	14.2.2	-	-	578,079	578,079

Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation techniques used in measuring the fair value of consumable biological assets, as well as the significant unobservable inputs used.

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs		Relationship of Unobservable Inputs to Fair Value
			2024	2023	
Consumable Managed Biological Assets	Discounted Cash Flows	Discounting Rate	14% - 16%	17.5% - 19.5%	The fair value decreases/ increases, when discount rate is increased/decreased.
		Optimum rotation (Maturity)	25-35 Years	25-35 Years	The fair value decreases/ increases, when rotation period is increased/decreased.
		Volume at rotation	15-65 cu.mt	15-65 cu.mt	The fair value increases/ decreases, when volume at rotation is increased/decreased.
		Price per cu.mt.	Rs.10,000/- to Rs.53,500/-	Rs.11,500/- to Rs.59,600/-	The fair value increases/ decreases, when price is increased/decreased.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTD.)

32.4. Financial Assets and Liabilities by fair value hierarchy

As as 31st March 2024		Fair value			
	Note	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial Assets not measured at fair value					
Trade and Other Receivables	17	-	-	178,057	178,057
Related Companies Receivables	30.1.1	-	-	1,719	1,719
Cash and Cash Equivalents	18.1	-	47,122	-	47,122
Total		-	47,122	179,776	226,898
Financial Liabilities					
Interest bearing Borrowings	20.1	-	-	1,545,939	1,545,939
Lease Liabilities	21	-	-	268,619	268,619
Trade and Other Payables	25	-	-	328,552	328,552
Related Companies Payables	30.1.2	-	-	24,377	24,377
Bank Overdrafts	26.1	-	323,544	-	323,544
Total		-	323,544	2,167,487	2,491,031
As as 31st March 2023		Fair value			
	Note	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Financial Assets not measured at fair value					
Trade and Other Receivables	17	-	-	197,560	197,560
Related Companies Receivables	30.1.1	-	-	9,384	9,384
Cash and Cash Equivalents	18.1	-	37,379	-	37,379
Total		-	37,379	206,944	244,323
Financial Liabilities					
Interest bearing Borrowings	20.1	-	-	1,190,814	1,190,814
Lease Liabilities	21	-	-	194,458	194,458
Trade and Other Payables	25	-	-	361,677	361,677
Related Companies Payables	30.1.2	-	-	32,930	32,930
Bank Overdrafts	26.1	-	497,003	-	497,003
Total		-	497,003	1,779,879	2,276,882

33. INFORMATION ON BUSINESS SEGMENTS

For the year ended 31st March	Tea		Rubber		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segmental Revenue								
Main Sectors	2,556,632	2,912,192	513,318	557,620	-	-	3,069,950	3,469,812
Diversified Crops	-	-	-	-	261,013	279,316	261,013	279,316
Sale of Live Trees	-	-	-	-	27,648	20,033	27,648	20,033
Other Operating Revenue	-	-	-	-	27,125	24,874	27,125	24,874
	2,556,632	2,912,192	513,318	557,620	315,785	324,223	3,385,735	3,794,035
Segmental Gross Profit	461,433	980,656	73,794	103,202	118,028	150,831	653,255	1,234,689
Other Income					7,903	7,782	7,903	7,782
Change in Fair Value of Biological Assets					34,320	(4,377)	34,320	(4,377)
Administrative Expenses					(234,375)	(234,621)	(234,375)	(234,621)
Management Fees					-	(16,963)	-	(16,963)
Profit from Operations							461,103	986,509
Finance Income					3,926	5,097	3,926	5,097
Finance Expenses					(238,546)	(334,515)	(238,546)	(334,515)
Profit before Tax							226,483	657,091
Tax Expense					(121,978)	(487,030)	(121,978)	(487,030)
Profit for the year							104,505	170,062
Other Comprehensive Income:								
Actuarial Loss on Retirement Benefit Obligations					(125,446)	(51,759)	(125,446)	(51,759)
Tax effect on Other Comprehensive Income					37,634	15,527	37,634	15,527
Other Comprehensive Expenses for the year, net of tax							(87,812)	(36,232)
Total Comprehensive Income for the year							16,693	133,830

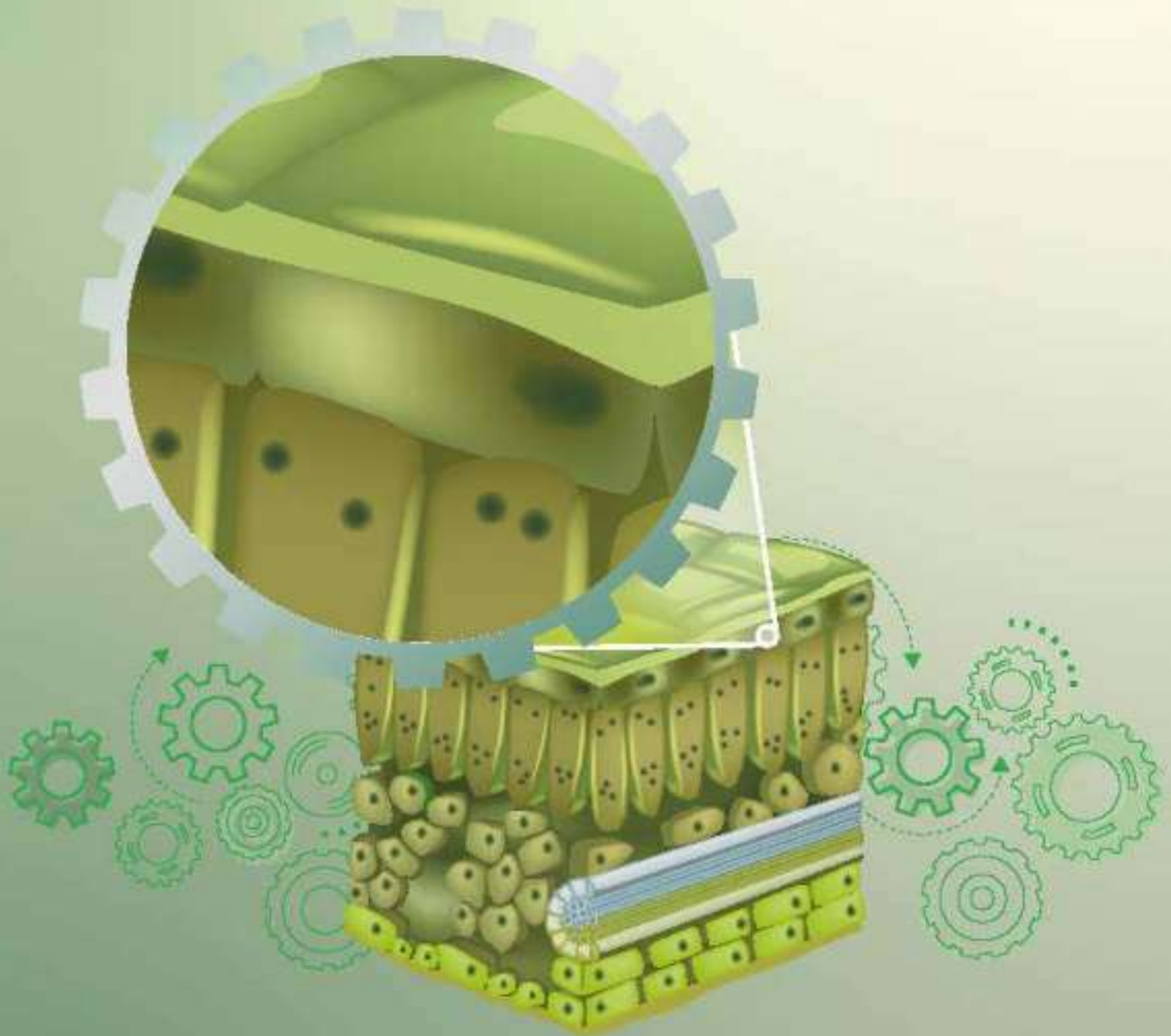
NOTES TO THE FINANCIAL STATEMENTS

33. INFORMATION ON BUSINESS SEGMENTS (CONTD.)

For the year ended 31st March	Tea		Rubber		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
OTHER INFORMATION								
Segmental Assets								
Non-current Assets	1,323,862	1,234,206	1,007,735	1,028,354	1,607,808	1,362,055	3,939,405	3,624,615
Current Assets	551,257	396,566	112,730	78,244	96,997	255,746	760,984	730,556
Total Assets	1,875,119	1,630,772	1,120,465	1,106,598	1,704,805	1,617,801	4,700,389	4,355,171
Segmental Liabilities								
Non-current Liabilities	587,191	457,698	208,911	167,910	1,887,588	1,452,657	2,683,690	2,078,265
Current Liabilities	184,081	222,597	37,840	50,300	914,382	1,074,055	1,136,303	1,346,952
Total Liabilities	771,272	680,295	246,751	218,210	2,801,970	2,526,712	3,819,993	3,425,217
Capital Expenditure								
	150,128	179,513	31,309	46,048	253,225	210,652	434,662	436,213
Amortization and Depreciation								
	83,256	63,488	82,180	80,839	43,154	44,873	208,590	189,202
Non-Cash Expenditure other than Amortization and Depreciation								
	108,759	94,804	33,904	28,326	187,604	343,120	330,267	466,250

FACILITATING TRANSPIRATION

As we bear the fruits of success, we stand firm in the protection of the principles of a circular economy, the preservation of industry standards, cutting-edge innovation and invention.



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TEN YEAR SUMMARY

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Operating Results										
Revenue	2,164,859	1,806,106	1,947,278	2,248,463	2,020,360	1,762,154	2,125,306	2,563,636	3,794,035	3,385,735
Gross Profit/(Loss)	141,575	(1,574)	102,743	265,515	196,608	(217,542)	200,455	371,010	1,234,689	653,255
Profit/(Loss) from Operations	115,827	(35,885)	45,774	191,589	136,970	(324,002)	60,830	208,685	986,510	461,103
Net Finance Expenses	(28,848)	(39,859)	(88,656)	(86,915)	(129,622)	(146,373)	(136,960)	(140,363)	(329,418)	(234,620)
Profit/(Loss) before Tax	86,979	(75,744)	(42,882)	104,674	7,348	(470,375)	(76,130)	68,322	657,092	226,483
Tax (Expense)/Reversals	(25,003)	2,625	1,160	(20,330)	(2,546)	(24,494)	(1,742)	(25,868)	(487,030)	(121,978)
Profit/(Loss) for the year	61,976	(73,119)	(41,722)	84,344	4,802	(494,868)	(77,872)	42,454	170,062	104,505
Other Comprehensive Income/(Expense)	14,709	43,847	27,095	(35,196)	(75,184)	(18,155)	10,833	5,860	(36,232)	(87,812)
Total Comprehensive Income/(Expense)	76,685	(29,272)	(14,627)	49,148	(70,382)	(513,023)	(67,039)	48,314	133,830	16,693
Net Assets Employed										
Non-Current Assets	2,930,464	3,054,576	3,151,998	3,285,020	3,324,470	3,384,566	3,362,949	3,406,041	3,624,615	3,939,405
Current Assets	420,646	322,531	400,281	408,986	471,655	336,828	426,587	558,164	730,556	760,984
Total Assets	3,351,110	3,377,107	3,552,279	3,694,006	3,796,125	3,721,394	3,789,536	3,964,205	4,355,171	4,700,389
Current Liabilities (excluding Borrowings)	(248,102)	(230,918)	(272,611)	(332,632)	(286,181)	(266,067)	(289,924)	(357,757)	(405,074)	(365,681)
Non-Current Liabilities (excluding Borrowings)	(815,835)	(781,233)	(744,576)	(783,239)	(831,931)	(949,170)	(964,941)	(907,736)	(1,332,326)	(1,584,829)
Total Net Assets (excluding Borrowings)	2,287,173	2,364,956	2,535,092	2,578,135	2,678,013	2,506,157	2,534,671	2,698,712	2,617,771	2,749,879
Capital Employed										
Stated Capital	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Reserves	70,000	70,000	70,000	70,000	70,000	70,000	-	-	-	-
Revenue Reserves	1,104,223	1,066,277	1,051,652	1,100,799	1,017,916	491,578	497,810	546,124	679,954	630,396
Shareholders' Equity	1,424,223	1,386,277	1,371,652	1,420,799	1,337,916	811,578	747,810	796,124	929,954	880,396
Borrowings	862,950	978,679	1,163,440	1,157,336	1,340,097	1,694,579	1,786,861	1,902,588	1,687,817	1,869,483
	2,287,173	2,364,956	2,535,092	2,578,135	2,678,013	2,506,157	2,534,671	2,698,712	2,617,771	2,749,879

		2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash Flows											
Net Cash Inflow/(Outflow) from Operating Activities		105,620	111,493	48,366	284,016	14,218	(152,283)	113,363	245,805	681,563	362,914
Net Cash Outflow from Investing Activities		(261,167)	(187,868)	(202,572)	(252,141)	(170,736)	(160,955)	(173,706)	(300,989)	(430,107)	(430,235)
Net Cash Inflow/(Outflow) from Financing Activities		147,154	7,992	109,132	(38,353)	64,598	99,219	375,350	(159,097)	(227,186)	250,523
Net Increase/(Decrease) in Cash and Cash Equivalents		(8,393)	(68,383)	(45,074)	(6,478)	(91,920)	(214,019)	315,007	(214,281)	24,270	183,202
Cash and Cash Equivalents at the beginning		(150,353)	(158,746)	(227,129)	(272,203)	(278,681)	(370,600)	(584,619)	(269,613)	(483,894)	(459,624)
Cash and Cash Equivalents at the end		(158,746)	(227,129)	(272,203)	(278,681)	(370,600)	(584,619)	(269,613)	(483,894)	(459,624)	(276,422)
Key Indicators											
Earnings/(Loss) per Share	Rs	2.48	(2.92)	(1.67)	3.37	0.19	(19.79)	(3.11)	1.70	6.80	4.18
Market Value per Share	Rs	22.50	16.90	16.50	22.00	17.00	17.00	23.20	21.90	52.50	39.50
Dividend per Share	Rs	0.50	-	-	-	0.50	-	-	-	-	2.65
Net Assets per Share	Rs	56.97	55.45	54.87	56.83	53.52	32.46	29.91	31.84	37.20	35.22
Price Earnings Ratio	Times	9.08	(5.78)	(9.89)	6.52	88.51	(0.86)	(7.45)	12.88	7.72	9.45
Earning Yield	%	11.02	(17.31)	(10.11)	15.34	1.13	(116.44)	(13.43)	7.76	12.96	10.58
Interest Cover	Times	4.02	(0.09)	0.52	2.20	1.06	(2.21)	0.44	1.49	2.99	1.97
Dividend Cover	Times	4.96	-	-	-	0.38	-	-	-	-	1.58
Dividend Payout	%	20.17	-	-	-	260.33	-	-	-	-	63.40
Effective Dividend Rate	%	5.00	-	-	-	5.00	-	-	-	-	26.50
Dividend Yield	%	2.22	-	-	-	2.94	-	-	-	-	6.71
Current Ratio	Times	0.84	0.53	0.57	0.52	0.49	0.27	0.43	0.38	0.54	0.67
Revenue to Capital Employed	Times	0.95	0.76	0.77	0.87	0.75	0.70	0.84	0.95	1.45	1.23
Property, Plant & Equipment to Shareholders' Equity	Times	1.81	1.88	1.94	1.93	2.05	0.43	0.48	0.56	0.59	0.66
Equity to Total Assets	%	42.50	41.05	38.61	38.45	35.24	21.81	19.73	20.08	21.35	18.73
Return on Equity	%	4.35	(5.27)	(3.04)	5.94	0.36	(60.98)	(10.41)	5.33	18.29	11.87
Return on Capital Employed	%	5.06	(1.52)	1.81	7.43	5.11	(12.93)	2.40	7.98	37.69	16.77
Return on Total Assets	%	1.85	(2.17)	(1.17)	2.28	0.13	(13.30)	(2.05)	1.07	3.90	2.22
Gearing	%	37.73	41.38	45.89	44.89	50.04	67.62	70.50	70.50	64.48	67.98

STATEMENT OF FINANCIAL POSITION - HORIZONTAL ANALYSIS

As at 31st March	2024		2023		2022		2021		2020	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
ASSETS										
Non-Current Assets										
Right of Use Assets	248,883	35	184,742	(5)	194,693	(9)	214,372	11	193,448	37
Bearer Biological Assets	2,515,934	10	2,296,046	6	2,172,955	1	2,155,964	(2)	2,208,942	0
Consumable Biological Assets	594,745	1	591,546	(1)	595,643	(6)	630,578	(0)	632,177	8
Property, Plant & Equipment	579,843	5	552,281	25	442,750	22	362,035	3	349,998	(10)
Total Non-Current Assets	3,939,405	9	3,624,615	6	3,406,041	1	3,362,949	(1)	3,384,565	2
Current Assets										
Non-harvested Produce on Bearer Biological Assets	9,651	(2)	9,847	21	8,129	2	7,999	138	3,361	(42)
Inventories	524,435	10	476,386	36	350,398	37	255,625	38	184,678	(38)
Advance Company Tax (ACT) Recoverable	-	-	-	(100)	17,586	(8)	19,185	(30)	27,285	-
Trade and Other Receivables	178,057	(10)	197,560	44	137,620	7	128,636	51	84,919	(10)
Holding Company Receivable	-	-	-	-	-	(100)	654	(95)	14,257	(56)
Related Companies Receivables	1,719	(82)	9,384	52	6,170	726	747	(90)	7,439	(31)
Cash and Cash Equivalents	47,122	26	37,379	(2)	38,261	178	13,741	(8)	14,890	419
Total Current Assets	760,984	4	730,556	31	558,164	31	426,587	27	336,829	(29)
Total Assets	4,700,389	8	4,355,171	10	3,964,205	5	3,789,536	2	3,721,394	(2)
EQUITY & LIABILITIES										
Equity										
Stated Capital	250,000	-	250,000	-	250,000	-	250,000	-	250,000	-
Sinking Fund	-	-	-	-	-	-	-	(100)	35,000	-
Development Reserve	-	-	-	-	-	-	-	(100)	35,000	-
Retained Earnings	630,396	(7)	679,954	25	546,124	10	497,810	1	491,578	(52)
Total Equity	880,396	(5)	929,954	17	796,124	6	747,810	(8)	811,578	(39)
Non-Current Liabilities										
Interest bearing Loans & Borrowings	1,098,862	47	745,939	(6)	796,364	(26)	1,081,523	47	735,490	10
Lease Liabilities	255,867	39	183,991	1	181,691	(3)	186,648	18	158,542	96
Retirement Benefit Obligations	562,419	23	458,833	(5)	483,611	(12)	548,770	1	542,506	7
Deferred Income	99,172	(7)	106,475	(6)	113,324	(5)	118,995	(3)	122,829	(2)
Deferred Tax Liability	667,370	14	583,027	352	129,110	17	110,527	(12)	125,293	8
Total Non-Current Liabilities	2,683,690	29	2,078,265	22	1,704,100	(17)	2,046,463	21	1,684,660	12
Current Liabilities										
Trade and Other Payables	328,552	(9)	361,677	24	291,547	12	259,278	9	238,382	(2)
Related Companies Payables	24,377	(26)	32,930	(41)	55,897	162	21,345	(17)	25,681	(27)
Interest bearing Loans & Borrowings	447,077	0	444,875	10	404,069	6	381,984	29	295,881	25
Lease Liabilities	12,752	22	10,467	1	10,314	11	9,302	364	2,004	(76)
Short Term Borrowings	323,544	(35)	497,003	(29)	702,154	117	323,354	(51)	663,208	53
Total Current Liabilities	1,136,302	(16)	1,346,952	(8)	1,463,981	47	995,263	(19)	1,225,156	28
Total Liabilities	3,819,993	12	3,425,217	8	3,168,081	4	3,041,726	5	2,909,816	19
Total Equity and Liabilities	4,700,389	8	4,355,171	10	3,964,205	5	3,789,536	2	3,721,394	(2)

STATEMENT OF FINANCIAL POSITION - VERTICAL ANALYSIS

As at 31st March	2024		2023		2022		2021		2020	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
ASSETS										
Non-Current Assets										
Right of Use Assets	248,883	5	184,742	4	194,693	5	214,372	6	193,448	5
Bearer Biological Assets	2,515,934	54	2,296,046	53	2,172,955	55	2,155,964	57	2,208,942	59
Consumable Biological Assets	594,745	13	591,546	14	595,643	15	630,578	17	632,177	17
Property, Plant & Equipment	579,843	12	552,281	13	442,750	11	362,035	10	349,998	9
Total Non-Current Assets	3,939,405	84	3,624,615	83	3,406,041	86	3,362,949	89	3,384,565	91
Current Assets										
Non-harvested Produce on Bearer Biological Assets	9,651	0.2	9,847	0.2	8,129	0.2	7,999	0.2	3,361	0.1
Inventories	524,435	11	476,386	11	350,398	9	255,625	7	184,678	5
Advance Company Tax (ACT) Recoverable	-	-	-	-	17,586	0	19,185	1	27,285	1
Trade and Other Receivables	178,057	4	197,560	5	137,620	3	128,636	3	84,919	2
Holding Company Receivable	-	-	-	-	-	-	654	0.02	14,257	0.4
Related Companies Receivables	1,719	0.0	9,384	0.2	6,170	0.2	747	0.02	7,439	0.2
Cash and Cash Equivalents	47,122	1	37,379	1	38,261	1	13,741	0.4	14,890	0.4
Total Current Assets	760,984	16	730,556	17	558,164	14	426,587	11	336,829	9
Total Assets	4,700,389	100	4,355,171	100	3,964,205	100	3,789,536	100	3,721,394	100
EQUITY & LIABILITIES										
Equity										
Stated Capital	250,000	5	250,000	6	250,000	6	250,000	7	250,000	7
Sinking Fund	-	-	-	-	-	-	-	-	35,000	1
Development Reserve	-	-	-	-	-	-	-	-	35,000	1
Retained Earnings	630,396	13	679,954	16	546,124	14	497,810	13	491,578	13
Total Equity	880,396	19	929,954	21	796,124	20	747,810	20	811,578	22
Non-Current Liabilities										
Interest bearing Loans & Borrowings	1,098,862	23	745,939	17	796,364	20	1,081,523	29	735,490	20
Lease Liabilities	255,867	5	183,991	4	181,691	5	186,648	5	158,542	4
Retirement Benefit Obligations	562,419	12	458,833	11	483,611	12	548,770	14	542,506	15
Deferred Income	99,172	2	106,475	2	113,324	3	118,995	3	122,829	3
Deferred Tax Liability	667,370	14	583,027	13	129,110	3	110,527	3	125,293	3
Total Non-Current Liabilities	2,683,690	57	2,078,265	48	1,704,100	43	2,046,463	54	1,684,660	45
Current Liabilities										
Trade and Other Payables	328,552	7	361,677	8	291,547	7	259,278	7	238,382	6
Related Companies Payables	24,377	1	32,930	1	55,897	1	21,345	1	25,681	1
Interest bearing Loans & Borrowings	447,077	10	444,875	10	404,069	10	381,984	10	295,881	8
Lease Liabilities	12,752	0.3	10,467	0.2	10,314	0.3	9,302	0.2	2,004	0.1
Short Term Borrowings	323,544	7	497,003	11	702,154	18	323,354	9	663,208	18
Total Current Liabilities	1,136,302	24	1,346,952	31	1,463,981	37	995,263	26	1,225,156	33
Total Liabilities	3,819,993	81	3,425,217	79	3,168,081	80	3,041,726	80	2,909,816	78
Total Equity and Liabilities	4,700,389	100	4,355,171	100	3,964,205	100	3,789,536	100	3,721,394	100

STATEMENT OF PROFIT OR LOSS

HORIZONTAL ANALYSIS

For the Year Ended 31st March	2024		2023		2022		2021		2020	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
Revenue	3,385,735	(11)	3,794,035	48	2,563,636	21	2,125,306	21	1,762,154	(13)
Cost of Sales	(2,732,480)	(7)	(2,559,346)	(17)	(2,192,626)	(14)	(1,924,851)	3	(1,979,696)	(9)
Gross Profit	653,255	(47)	1,234,689	233	371,010	85	200,455	192	(217,542)	(211)
		-		-		-		-		-
Other Income	7,903	2	7,782	3	7,564	2	7,446	8	6,900	(66)
Change in Fair Value of Biological Assets	34,320	884	(4,377)	(114)	31,464	(22)	40,089	(29)	56,693	(34)
Administrative Expenses	(234,375)	(0)	(234,621)	(27)	(185,153)	(6)	(174,949)	(3)	(170,053)	(44)
Management Fees	-	100	(16,963)	(5)	(16,200)	(33)	(12,211)	(100)	-	100
Profit from operations	461,103	(53)	986,510	373	208,685	243	60,830	119	(324,002)	(337)
		-		-		-		-		-
Net Finance Expenses	(234,620)	29	(329,418)	(135)	(140,363)	(2)	(136,960)	6	(146,373)	(13)
Profit before tax	226,483	(66)	657,092	862	68,322	190	(76,130)	84	(470,375)	(6,501)
Tax expenses	(121,978)	75	(487,030)	(1,783)	(25,868)	(1,385)	(1,742)	93	(24,493)	(862)
Profit for the year	104,505	(39)	170,062	301	42,454	155	(77,872)	84	(494,868)	(10,405)

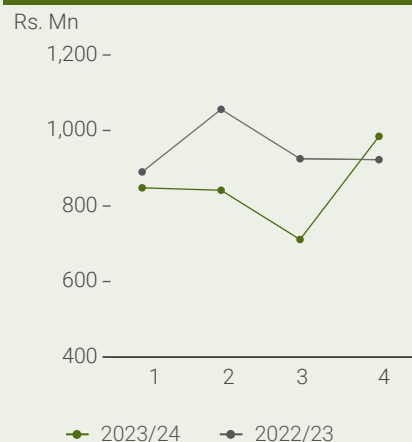
VERTICAL ANALYSIS

For the Year Ended 31st March	2024		2023		2022		2021		2020	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
Revenue	3,385,735	100	3,794,035	100	2,563,636	100	2,125,306	100	1,762,154	100
Cost of Sales	(2,732,480)	(81)	(2,559,346)	(67)	(2,192,626)	(86)	(1,924,851)	(91)	(1,979,696)	(112)
Gross Profit	653,255	19	1,234,689	33	371,010	14	200,455	9	(217,542)	(12)
Other Income	7,903	0.2	7,782	0.2	7,564	0.3	7,446	0.4	6,900	0.4
Change in Fair Value of Biological Assets	34,320	1	(4,377)	(0.1)	31,464	1	40,089	2	56,693	3
Administrative Expenses	(234,375)	(7)	(234,621)	(6)	(185,153)	(7)	(174,949)	(8)	(170,053)	(10)
Management Fees	-	-	(16,963)	(0)	(16,200)	(1)	(12,211)	(1)	-	-
Profit from operations	461,103	14	986,510	26	208,685	8	60,830	3	(324,002)	(18)
Net Finance Expenses	(234,620)	(7)	(329,418)	(9)	(140,363)	(5)	(136,960)	(6)	(146,373)	(8)
Profit before tax	226,483	7	657,092	17	68,322	3	(76,130)	(4)	(470,375)	(27)
Tax expenses	(121,978)	(4)	(487,030)	(13)	(25,868)	(1)	(1,742)	(0.1)	(24,493)	(1)
Profit for the year	104,505	3	170,062	4	42,454	2	(77,872)	(4)	(494,868)	(28)

QUARTERLY RESULTS

	2023/24	2022/23	Change
	Rs'000	Rs'000	%
Revenue			
1st Quarter	848,107	890,254	-5%
2nd Quarter	841,739	1,055,966	-20%
3rd Quarter	711,316	925,142	-23%
4th Quarter	984,573	922,673	7%
Year	3,385,735	3,794,035	-11%
Gross Profit			
1st Quarter	194,046	262,986	-26%
2nd Quarter	156,482	401,104	-61%
3rd Quarter	136,385	292,977	-53%
4th Quarter	166,342	277,622	-40%
Year	653,255	1,234,689	-47%
Profit/(Loss) for the period :			
1st Quarter	54,814	129,870	-58%
2nd Quarter	18,681	215,803	-91%
3rd Quarter	11,981	(236,131)	>100
4th Quarter	19,029	60,520	-69%
Year	104,505	170,062	-39%
Other Comprehensive Income/ (Expense)			
1st Quarter	-	-	-
2nd Quarter	-	-	-
3rd Quarter	-	-	-
4th Quarter	(87,812)	(36,232)	(>100)
Year	(87,812)	(36,232)	(>100)
Total Comprehensive Income/ (Expense)			
1st Quarter	54,814	129,870	-58%
2nd Quarter	18,681	215,803	-91%
3rd Quarter	11,981	(236,131)	>100
4th Quarter	(68,783)	24,288	(>100)
Year	16,693	133,830	-88%

REVENUE



GROSS PROFIT



PROFIT AFTER TAX



SHAREHOLDER & INVESTOR INFORMATION

STATED CAPITAL

The Stated Capital of the Company is Rs.250,000,010/- divided into Twenty Five Million (25,000,000) Ordinary Shares and One (01) Golden Share.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the year ended 31st March 2024.

TWENTY (20) MAJOR SHAREHOLDERS OF THE COMPANY

Names	31st March 2024		31st March 2023	
	No. of Shares	%	No. of Shares	%
1 Hayleys Plantation Services (Private) Limited	12,750,000	51.00	12,750,000	51.00
2 Sri Lanka Insurance Corporation Ltd-Life Fund	1,565,124	6.26	1,403,639	5.61
3 Sri Lanka Insurance Corporation Ltd-General Fund	1,385,434	5.54	1,385,434	5.54
4 Hatton National Bank PLC/Almas Holdings (Private) Limited	472,901	1.89	202,527	0.81
5 Bank of Ceylon No. 1 Account	465,700	1.86	465,700	1.86
6 Commercial Bank of Ceylon PLC/Andaradeniya Estate (Pvt) Ltd	450,813	1.80	450,813	1.80
7 Mr. George Mohan Weerakoon	340,172	1.36	88,841	0.36
8 Hatton National Bank PLC/Mushtaq Mohamed Fuad	301,061	1.20	296,061	1.18
9 Dr. Dilesh Jayantha	190,000	0.76	-	0.00
10 Mr. Kangasu Chelvadurai Vignarajah	186,255	0.75	186,255	0.75
11 Almas Holdings (Private) Limited	174,299	0.70	56,000	0.22
12 Sezeka Limited	170,053	0.68	170,053	0.68
13 Mr. Allan Jagath Monesh Jinadasa	135,000	0.54	135,000	0.54
14 People's Leasing & Finance PLC/Hi Line Towers (Pvt) Ltd	131,979	0.53	131,979	0.53
15 Mr. Hashim Ahmed Alsayid Hashim Algharabally	131,500	0.53	131,500	0.53
16 Merchant Bank of Sri Lanka Finance PLC/D.S. Nakandala	116,347	0.47	116,347	0.47
17 Hatton National Bank PLC/Anushman Rajaratnam	110,108	0.44	-	0.00
18 Mr. Sarath Clement Ganegoda	109,350	0.44	-	0.00
19 Mr. Pasquel Fonsekalage Nandasiri	103,165	0.41	108,220	0.43
20 Mr. Anthony Ashokkumar Page	100,000	0.40	100,000	0.40
Mr. Don Kasun Thusara Pathirage	100,000	0.40	-	0.00
Sub Total	19,489,261	77.96	18,178,369	72.71
Others	5,510,740	22.04	6,821,632	27.29
Total Issued Shares	25,000,001	100.00	25,000,001	100.00

SHAREHOLDERS AS AT 31ST MARCH 2024

Number of shareholders as at 31st March 2024 is 10,568 (as at 31st March 2023 - 10,479).

From	To	RESIDENTS			NON RESIDENTS			TOTAL		
		No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1	1,000	10,136	1,987,006	7.95	9	4,600	0.02	10,145	1,991,606	7.97
1,001	10,000	312	1,041,227	4.16	4	13,000	0.05	316	1,054,227	4.21
10,001	100,000	87	2,625,140	10.50	1	39,767	0.16	88	2,664,907	10.66
100,001	1,000,000	14	3,287,150	13.15	2	301,553	1.21	16	3,588,703	14.36
Over 1,000,000		3	15,700,558	62.80	-	-	-	3	15,700,558	62.80
		10,552	24,641,081	98.56	16	358,920	1.44	10,568	25,000,001	100.00

CATEGORY

Individuals	10,429	5,632,662	22.53	15	188,867	0.76	10,444	5,821,529	23.29
Institutions	123	19,008,419	76.03	1	170,053	0.68	124	19,178,472	76.71
	10,552	24,641,081	98.56	16	358,920	1.44	10,568	25,000,001	100.00

QUARTERLY ANALYSIS

	Quarter 1 30.06.2023	Quarter 2 30.09.2023	Quarter 3 31.12.2023	Quarter 4 31.03.2024
Market Value of Ordinary Shares				
Basic/Diluted Earnings per Share for the three month ending (Rs.)	2.19	0.75	0.48	0.76
Last traded price (Rs.)	45.10	44.30	41.10	39.40
Highest price recorded for the three months ending (Rs.)	54.60	54.80	45.00	43.70
Lowest price recorded for the three months ending (Rs.)	42.50	42.60	38.70	37.00
Float-Adjusted Market Capitalization (Rs.)	552,429,945	541,678,268	508,010,270	479,530,019

Share Trading Information

Number of transactions	497	1,392	539	793
Number of shares traded	334,613	1,382,681	244,486	481,321
Value of shares traded (Rs.)	17,013,528	68,397,037	10,256,742	19,376,112

There were no non-voting shares as at 31st March 2024.

SHARE TRADING INFORMATION

For the Year Ended		31st March 2024		31st March 2023	
Highest Price	Rs.	54.80	(10.07.2023)	80.60	(28.09.2022)
Lowest Price	Rs.	37.00	(05.03.2024)	14.00	(28.04.2022)
Closing Price	Rs.	39.50	(28.03.2024)	52.50	(31.03.2023)
No. of Transactions		3,221		15,399	
No. of shares traded		2,443,101		21,903,916	
Value of shares traded	Rs.	115,043,418.80		2,294,712,532.30	

PUBLIC HOLDING

Percentage of public holding as at 31st March 2024	48.56%
Total number of shareholders representing the public holding	10,565
Float-adjusted market capitalization	Rs. 479,530,019.18

The Company complies with option 5 of the Listing Rules 7.13.1 (i) (a) - Less than Rs. 2.5 Bn. Float Adjusted Market Capitalization which requires 20% minimum public holding.

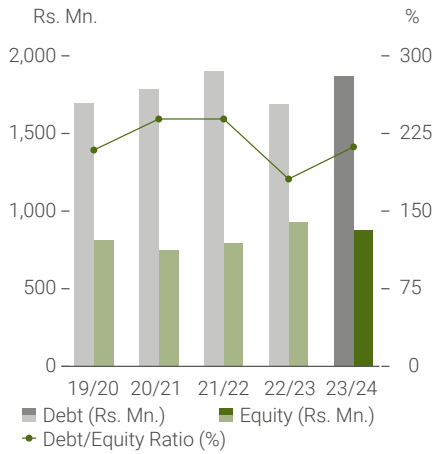
DIVIDENDS

During the financial year 2023/24, following dividends were paid.

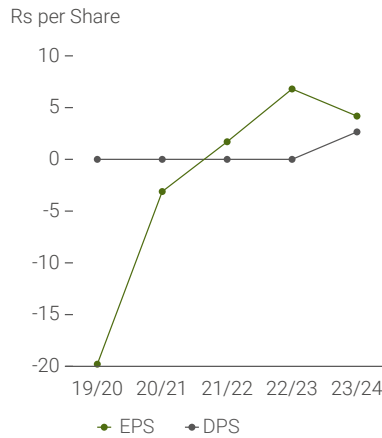
- * Final Dividend of Rs. 1/- per share for 2022/23 paid on 18th July 2023.
- * First Interim Dividend of Rs. 1/25 per share for 2023/24 paid on 23rd January 2024.
- * Second Interim Dividend of Rs. 0/40 per share for 2023/24 paid on 25th April 2024.

SHAREHOLDER & INVESTOR INFORMATION

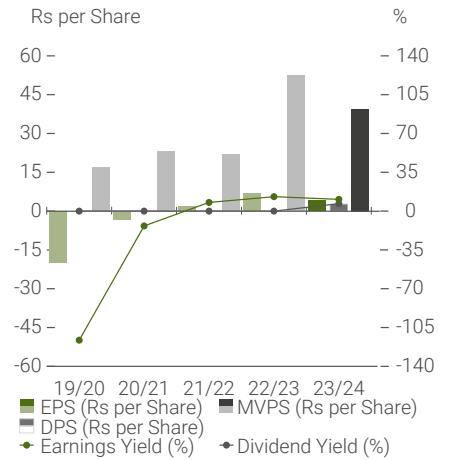
DEBT/EQUITY RATIO(%)



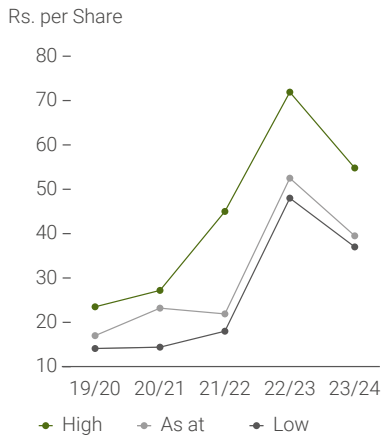
EARNINGS PER SHARE(EPS) VS DIVIDEND PER SHARE(DPS)



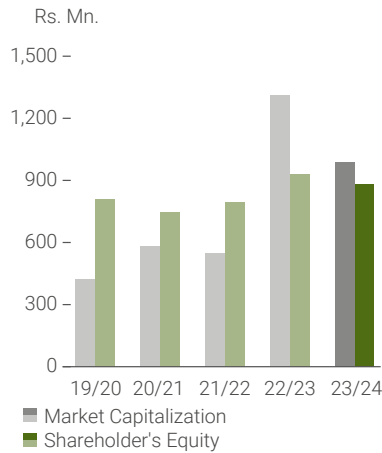
EARNINGS & DIVIDEND YIELD (%)



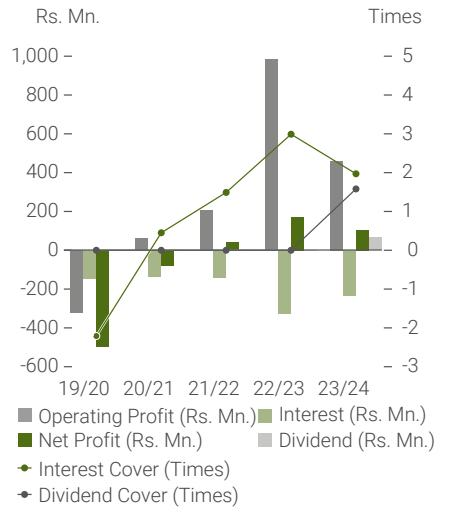
HIGH-LOW MARKET PRICES



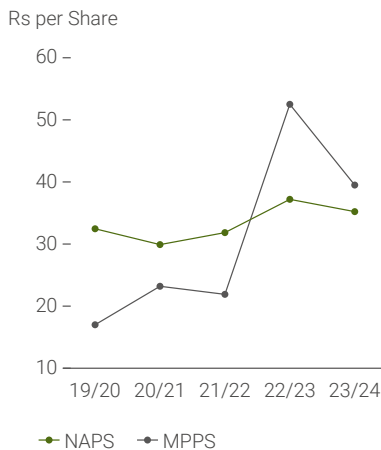
MARKET CAPITALISATION VS. SHAREHOLDERS' EQUITY



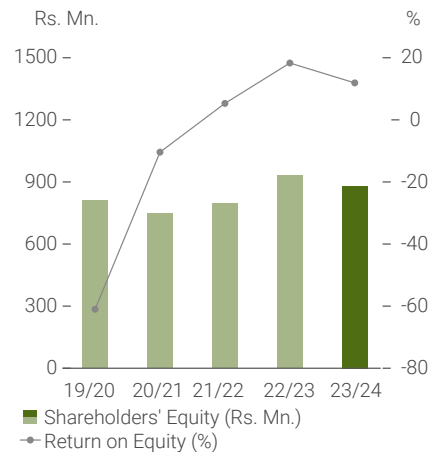
INTEREST & DIVIDEND COVER (TIMES)



NET ASSETS PER SHARE VS. MARKET PRICE PER SHARE



RETURN ON EQUITY (%)



INDEPENDENT ASSURANCE REPORT ON INTERGRATED REPORTING



Ernst & Young
Chartered Accountants
Rajula Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: ey@k.ey.com
ey.com

Independent practitioner's assurance report to the Board of Directors of Horana Plantations PLC on the Integrated Annual Report 2023/24

SCOPE

We have been engaged by Horana Plantations PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Horana Plantations PLC's Information on how its strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term (the "Subject Matter") contained in Horana Plantations PLC's (the "Entity's") Integrated Annual Report for the year ended 31 March 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY HORANA PLANTATIONS PLC

In preparing the Subject Matter, Horana Plantations PLC applied the Integrated Reporting Framework (<IR> Framework) issued by the International Integrated Reporting Council (IIRC) ("Criteria"):

Such Criteria were specifically designed for the purpose of assisting in determining whether the capital management, stakeholder engagement, business model, strategy, organizational overview & external environment outlook presented in the Integrated Annual Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

HORANA PLANTATIONS PLC'S RESPONSIBILITIES

Horana Plantations PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance

with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Horana Plantations PLC on 12th May 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or

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INDEPENDENT ASSURANCE REPORT ON INTERGRATED REPORTING



procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organization creates value, the external environment, strategy, approaches to putting members first, governance and reporting.

- Obtained an understanding of the description of the organization's strategy and how the organization creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information contained in the Integrated Annual Report of Horana Plantations PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

13th May 2024

Colombo

INDEPENDENT ASSURANCE REPORT



EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.

- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Horana Plantations PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

13th May 2024

Colombo

NOTES TO THE ESG PERFORMANCE

SECTION 01 – BASIS OF PREPARATION

ESG statement has been prepared for Horana Plantations PLC (HPL). The indicators reported are material to HPL and aligned with the following frameworks:

GRI Standards 2021: Issued by the Global Reporting Initiative (GRI)

1. International Integrated Reporting Framework (IIRF) 2021
2. Greenhouse Gas (GHG) Emissions Reporting:
3. ISO 14064-1:2018
 - Organization Quantification and Reporting of Greenhouse Gases
 - Corporate Standard of the Greenhouse Gas Protocol by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD)
4. Governance: Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)
5. United Nations Sustainable Development Goals (UN SDGs)
6. United Nations Global Compact

HPL adheres to reporting principles outlined in the GRI Standards and the <IR> Framework to guarantee the quality of the information presented. Key principles include:

Materiality

HPL determines the disclosures included in its consolidated ESG statement based on their materiality to the assessment of the company's value creation ability by financial capital providers over the short, medium, and long term. This evaluation considers ongoing stakeholder engagement, the company's operating context, and trend analysis. Key issues identified through this process are addressed through management programs and action plans with clear and measurable targets.

The disclosures presented in the Integrated Annual Report are considered material to the company's Environmental, Social, and Governance (ESG) performance and its future business prospects. This comprehensive reporting approach assists stakeholders in making informed decisions.

Accuracy, Completeness, and Verifiability of Data

Data accuracy, completeness, and verifiability are guaranteed through certified management systems audited by independent

certification bodies, ensuring the integrity of the information. These systems include:

- ISO 22000:2018, HACCP
- Fair Trade
- Rain Forest Alliance (RA)
- Forest Stewardship Council (FSC)
- ISO 14064-1:2018
- ISO 45001: 2018 - Occupational Health and Safety Management System
- ISO 9001:2015

Comparability

The consolidated ESG statement is created by consistently applying comparable indicators across all included years unless otherwise specified

SECTION 02 – ENVIRONMENTAL PERFORMANCE

2.1 Renewable and Non-Renewable Energy Consumption

Measurement Basis:

Energy consumption comprises the usage of power, heat, and fuel for HPL's manufacturing activities. Apart from internally generated renewable energy like solar and hydropower, all other energy sources are non-renewable, such as petrol, diesel, and gas. The measurement is derived from meter readings, stock details, invoices, and other primary sources of data.

2.2 Renewable Energy Generation

Measurement Basis:

Renewable energy is produced via on-grid solar power plants positioned atop the roofs of Gouravilla, Alton, Mahanilu, Stockholm, and Fairlawn Tea Processing Centers. Hydro energy is generated by hydropower plants located at Fairlawn estate and Bambrakelly estate. Off-grid solar plants are installed in all managers' bungalows. The assessment is conducted through meter readings of the systems established to enable solar and hydropower generation.

2.3 Water Consumption for Operation

Measurement Basis:

The primary water source for HPL is surface water sourced at field level from within our estates. This water is primarily used for cleaning purposes within the factory during tea manufacturing,

NOTES TO THE ESG PERFORMANCE

with no involvement in the manufacturing process itself. Water consumption in the tea fields is solely reliant on rainwater. However, for rubber manufacturing, a substantial amount of water is utilized. Measurement of water consumption is based on meter readings.

2.4 Emissions

Basis for Measurement

Emissions are confined to CO₂, CH₄, and N₂O emissions from emission sources, excluding other greenhouse gases. The methodology for measuring emissions adheres to ISO 14064-1:2018 and the WBCSD/WRI Greenhouse Gas Protocol's Corporate Standard (Revised Edition). Reporting primarily covers Scopes 1 and 2, with certain aspects of optional Scope 3 included based on data availability. Consumption is gauged using invoices and meter readings. Assumptions are employed as necessary to estimate consumption quantities when precise figures are unavailable.

SECTION 03 – SOCIAL PERFORMANCE

3.1 Total Employees and Employee Turnover

Basis for Measurement:

Employee diversity is gauged by the proportion of female employees relative to the total workforce. Senior management encompasses employees holding positions higher than senior manager roles, while middle management includes those above Executive and Assistant Manager positions

3.2 Employee Trust Index

Basis of Measurement:

The Employee Trust Index is assessed using the GPTW Employee Trust Index, which evaluates credibility, respect, fairness, pride, and camaraderie. Results are classified into categories such as highly positive perception, positive perception, mixed perception, and low perception. In the 2023/24 period, it indicated a score of 99% and ranked 48th in Asia.

3.3 Average training hours per employee

Basis for Measurement

The calculation of training hours per employee relies on the total hours allocated to training for each individual. Employee training hours are meticulously recorded and documented as evidence, adhering to the guidelines specified by each management system.

3.4 Training Investment

Basis for Measurement

Expenditures linked to investments in employee training are disclosed in the financial statements of each estate. These reported expenditures undergo verification and consolidation with the company-level financial statements to ensure accuracy.

3.5 Gender in leadership positions

Basis for Measurement

Assessing gender diversity involves analyzing the percentage distribution of genders in leadership roles, encompassing employees in positions that entail leading teams. Additionally, diversity on the Board of Directors is evaluated by examining the gender split among all board members.

3.6 Total number of injuries

Basis for Measurement

An injury is described as either a non-fatal or fatal occurrence resulting from or occurring during work. The injury rate is computed by assessing the frequency of injuries in relation to the total time worked by all employees during the reporting period.

An occupational disease is defined as an illness stemming from a work situation, activity, or a work-related. Lost working days refer to the number of days that cannot be worked (and are therefore 'lost') because a worker or workers are unable to perform their usual tasks due to an occupational disease or accident.

Injuries and occupational diseases are documented based on the logs maintained by the medical officer at respective locations.

3.7 Total employee benefits distributed

Basis of Measurement:

The measurement basis involves assessing the financial value generated and distributed by the Company, illustrating how this value is allocated among various stakeholders to promote economic and social advancement. Financial transactions documented in the accounting system form the foundation for this calculation.

Community

3.8 community and Environmental Investment

Basis of Measurement:

Every estate diligently documents its investments in community development and environmental initiatives, concentrating on four sub-pillars. These investments are financed through company accounts and augmented by contributions and collaborative support from government agencies and non-governmental organizations.

Value Chain

3.9 Customer Satisfaction Index

Basis of Measurement:

In the fiscal year 2023/24, customer satisfaction notably increased, reaching 87%. Additionally, customer complaints and rejections were recorded at 2.

SECTION 04 – GOVERNANCE PERFORMANCE

4.1 Board position

Basis of Measurement:

Board positions, which include the ratio of independent to non-independent members, are reported as follows: The gender and position ratios of the Board of Directors are determined by the ratio of men to women and the total number of board members, taking into account their respective roles and responsibilities.

4.2 Number of whistle-blower cases reported and solved

No cases reported

4.3 Management systems

Number of total audits conducted on Management Systems

Basis of Measurement:

No any Non-compliance identified during Audits

4.4 ESG Steering Committee meetings.

Basis of Measurement:

As per the ESG Steering Committee charter, the committee must convene quarterly to deliberate on strategic-level ESG affairs and ensure that minutes are documented for each meeting

GRI INDEX

GRI CONTENT INDEX

Statement of use	Horana Plantations PLC has reported in accordance with the GRI Standards for the period 01 April 2023 to 31 March 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
General Disclosures						
GRI 2: General Disclosures 2021	2-1	Organizational details	About Horana Plantations Page No 08			
	2-2	Entities included in the organization's sustainability reporting	About this Report Page No 05			
	2-3	Reporting period, frequency and contact point	About this Report Page No 05			
	2-4	Restatements of information	About this report Page No 05			
	2-5	External assurance	About this Report Page No 05			
	2-6	Activities, value chain and other business relationships	Our Story Page No 14			
	2-7	Employees	Human Capital Page No 123			
	2-8	Workers who are not employees	Human Capital Page No 125			
	2-9	Governance structure and composition	Corporate Governance Page No 206			
	2-10	Nomination and selection of the highest governance body	Corporate Governance Page No 209 Nomination and Governance Committee Report Page No. 231			
	2-11	Chair of the highest governance body	Corporate Governance Page No 210			
	2-13	Delegation of responsibility for managing impacts	Corporate Governance Page No 214			
	2-14	Role of the highest governance body in sustainability reporting	Corporate Governance Page No 214			
	2-15	Conflicts of interest	Corporate Governance Page No 214 Related Party Transaction Review Committee Report Page No 234			
	2-16	Communication of critical concerns	Corporate Governance Page No 214			
	2-17	Collective knowledge of the highest governance body	Corporate Governance Page No 215			
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance Page No 215			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	2-19	Remuneration policies	Corporate Governance Page No 215			
	2-20	Process to determine remuneration	Corporate Governance Page No 215			
	2-21	Annual total compensation ratio	Corporate Governance Page No 215			
	2-22	Statement on sustainable development strategy	Chairman's Message Page No 41			
	2-23	Policy commitments	Strategy, Policies and Practices Page No 57			
	2-24	Embedding policy commitments	Strategy, Policies and Practices Page No 63			
	2-25	Processes to remediate negative impacts	Strategy, Policies and Practices Page No 64			
	2-26	Mechanisms for seeking advice and raising concerns	Strategy, Policies and Practices Page No 65			
	2-27	Compliance with laws and regulations	Strategy, Policies and Practices Page No 65			
	2-28	Membership associations	About Horana Plantations Page No 16			
	2-29	Approach to stakeholder engagement	Stakeholder Engagement Page No 50			
	2-30	Collective bargaining agreements	Human Capital Page No 125			
Material topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Determining Material topics Page No 54			
	3-2	List of material topics	Determining Material topics Page No 55			
Economic performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	Financial Capital Page No 99			13.2.1 / 13.22.1
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Financial Capital Page No 100			13.22.2
	201-2	Financial implications and other risks and opportunities due to climate change	Financial Capital Page No 102			13.2.2
	201-3	Defined benefit plan obligations and other retirement plans	Financial Capital Page No 103			
	201-4	Financial assistance received from government	Financial Capital Page No 103			

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	Financial Capital Page No 104				13.22.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Financial Capital Page No 105				13.22.3
	203-2 Significant indirect economic impacts	-	203-2	Information unavailable/ Incomplete	Currently, we are not gathering information	13.22.4
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 146				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Social Capital Page No 148				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 195				
	301-1 Materials used by weight or volume	Natural Capital Page No 198				
	301-2 Recycled input materials used	Natural Capital Page No 198				
	301-3 Reclaimed products and their packaging materials	-	301-3	Information unavailable/ incomplete	Currently, we are not gathering information Reclaimed products and their packaging materials	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 167				
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital Page No 169				
	302-2 Energy consumption outside of the organization	-	302-2	Information unavailable/ incomplete	Currently, we are not gathering information of energy consumption outside of the organization	
	302-3 Energy intensity	-	302-3	Information unavailable/ incomplete	It is complex to report data separately as per the organizational context	
	302-4 Reduction of energy consumption	Natural Capital Page No 169				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	302-5 Reductions in energy requirements of products and services	-	302-5	Information unavailable/incomplete	Currently, we are not gathering information of Reductions in energy requirements of products and services	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 185				13.7.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	-	303-1	Information unavailable/incomplete	Currently, we are not gathering information Reclaimed products and their packaging materials	13.7.2
	303-2 Management of water discharge-related impacts	Natural Capital Page No 188				13.7.3
	303-3 Water withdrawal	Natural Capital Page No 189				13.7.4
	303-4 Water discharge	Natural Capital Page No 189				13.7.5
	303-5 Water consumption	Natural Capital Page No 189				13.7.6
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Natural Capital Page No 180				13.3.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	304-1	Information unavailable/incomplete	There are no sufficient data recorded	13.3.2
	304-2 Significant impacts of activities, products and services on biodiversity	-	304-2	Information unavailable/incomplete	There are no sufficient data recorded	13.3.3
	304-3 Habitats protected or restored	Natural Capital Page No 184				13.3.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	304-4	Information unavailable/incomplete	There are no sufficient data recorded	13.3.5

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.	
Emissions							
GRI 3: Material Topics 2021	3-3	Management of material topics	Natural Capital Page No 170			13.1.1	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Natural Capital Page No 174			13.1.2	
	305-2	Energy indirect (Scope 2) GHG emissions	Natural Capital Page No 175			13.1.3	
	305-3	Other indirect (Scope 3) GHG emissions	Natural Capital Page No 176			13.1.4	
	305-4	GHG emissions intensity	Natural Capital Page No 177			13.1.5	
	305-5	Reduction of GHG emissions	Natural Capital Page No 177			13.1.6	
	305-6	Emissions of ozone-depleting substances (ODS)	-	305-6	Information unavailable/incomplete	No significant impact from ozone-depleting substances (ODS)	13.1.7
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	305-7	Information unavailable/incomplete	No significant impact from Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	13.1.8
Waste							
GRI 3: Material Topics 2021	3-3	Management of material topics	Natural Capital Page No 189			13.8.1	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	-	306-1	Information unavailable/incomplete	Currently, we are not gathering information on Waste generation and significant waste-related impacts	13.8.2
	306-2	Management of significant waste-related impacts	Natural Capital Page No 193			13.8.3	
	306-3	Waste generated	-	306-3	Information unavailable/incomplete	Currently, we are not gathering information on Waste generated	13.8.4
	306-4	Waste diverted from disposal	-	306-4	Information unavailable/incomplete	Currently, we are not gathering information on Waste diverted from disposal	13.8.5
	306-5	Waste directed to disposal	-	306-5	Information unavailable/incomplete	Currently, we are not gathering information on Waste directed to disposal	13.8.6

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 126				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital Page No 130				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Capital Page No. 157			HPL provides all benefits to all employee categories Refer Value Added Statement	
	401-3 Parental leave	Human Capital Page No 130				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 134				13.19.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Human Capital Page No 136				13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation	-	403-2	Information unavailable/incomplete	Currently, we are not gathering information on Hazard identification, risk assessment, and incident investigation	13.19.3
	403-3 Occupational health services	Human Capital Page No 136				13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital Page No 137				13.19.5
	403-5 Worker training on occupational health and safety	-	403-5	Information unavailable/incomplete	Currently, we are not gathering information	13.19.6
	403-6 Promotion of worker health	Human Capital Page No 137				13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital Page No 137				13.19.8
	403-8 Workers covered by an occupational health and safety management system	Human Capital Page No 137				13.19.9
	403-9 Work-related injuries	Human Capital Page No 138				13.19.10

GRI INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
	403-10 Work-related ill health	-	403-10	Information unavailable/incomplete	Currently, we are not gathering information on Work-related ill health	13.19.11
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Human Capital Page No 140				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital Page No 141			We do not calculate average training hours for the FY Employee categories wise	
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital Page No 141				
	404-3 Percentage of employees receiving regular performance and career development reviews	Human Capital Page No 141				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 153				13.12.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social Capital Page No 155				13.12.2
	413-2 Operations with significant actual and potential negative impacts on local communities	Social Capital Page No 153				13.12.3
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Social Capital Page No 150				13.10.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	-	416-1	Information unavailable/incomplete	Currently, we are not gathering information on Assessment of the health and safety impacts of products and service categories	13.10.2
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Social Capital Page No 152				13.10.3
Topic 13.4: Natural ecosystem conversion	3-3 Management of material topics	Natural Capital Page No 177				13.4.1
Topic 13.5 Soil health	3-3 Management of material topics	Natural Capital Page No 193				13.5.1
Topic 13.6 Pesticides use	3-3 Management of material topics	Natural Capital Page No 166				13.6.1
Topic 13.9 Food security	3-3 Management of material topics	Social Capital Page No 155				13.9.1

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	REQUIREMENT(S) OMITTED	REASON	EXPLANATION	GRI SECTOR STANDARD REF. NO.
Topic 13.20 Employment practices	3-3	Management of material topics	Human Capital Page No 122			13.20.1
Topic 13.21 Living income and living wage	3-3	Management of material topics	Human Capital Page No 122			13.21.1
Topic 13.23 Supply chain traceability	3-3	Management of material topics	Social Capital Page No 146			13.23.1

Topics in the applicable GRI Sector Standards determined as not material

TOPIC	EXPLANATION
GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022	
Topic 13.11 Animal health and welfare	HPL does not engage in any form of animal farming within its operations.
Topic 13.13 Land and resource rights	HPL does not have any involvement or engagement in land and resource rights-related issues.
Topic 13.14 Rights of indigenous peoples	HPL does not engage or have any involvement in matters concerning the rights of indigenous peoples.
Topic 13.15 Non-discrimination and equal opportunity	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.16 Forced or compulsory labor	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.17 Child labor	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.18 Freedom of association and collective bargaining	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.24 Public policy	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.25 Anti-competitive behavior	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.
Topic 13.26 Anti-corruption	This topic is considered low material and is excluded from reporting disclosures based on the materiality assessment.

GLOSSARY

A

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Actuarial Gains and losses

Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions

ADRA

Adventist Development and Relief Agency

Agricultural Activity

Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or

for conversion into agricultural produce or into additional biological assets.

Agricultural Produce

Agricultural produce is the harvested produce of the entity's biological assets.

AGM

Annual General Meeting.

Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AWPLR

Average Weighted Prime Lending Rate.

B

Basic Earnings per Share (EPS)

Profit after tax divided by the weighted average number of ordinary shares outstanding during the period.

BDO

Biochemical oxygen demand

Bearer Biological Assets

Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.

Biological Assets

Is a living animal or plant.

Biological Transformation

It comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in biological assets.

Borrowing Costs

Borrowing Costs are interest and other costs incurred by an enterprise in connection with borrowing of funds.

BOD

Board of Directors

C

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ICASL

The Institute of Chartered Accountants of Sri Lanka.

Capital Employed

Total equity and interest bearing borrowings.

Capital Reserves

Part of earnings reserved without distributing in current year, for future specified purpose or future business commitment or distributions.

CDO

Creche Development Centers

CDO's

Child Development Officer

CEA

Central Environment Authority

CPFP

Child Protection Focal Points

CGU

Cash Generating Units.

Consumable Biological Assets

The biological assets those that are to be harvested as agricultural produce or sold as biological assets.

Contingent Liabilities

Conditions or situations at the reporting date, the financial effect of which are to be determined by future events which may or may not occur.

Cost of production (COP)

Cost of producing a kilo/unit of tea/rubber/coconut/oil palm at estate level.

COC

Chain of Custody

CPSS

Ceylon Planters' Provident Society

CRI

Coconut Research Institute of Sri Lanka

CRRO

CLIMATE-RELATED RISKS AND OPPORTUNITIES

CSE

Colombo Stock Exchange.

CSR

Corporate Social Responsibility.

Current ratio

Current assets divided by Current liabilities.

D

DCF

Discounted Cash Flow

Debt Equity Ratio

Total liabilities divided by its shareholders' equity.

Debt Ratio

Total borrowings divided by Total assets

Deferred taxation

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

Derivative

Is a financial instrument or other contract whose prices is dependent upon or derived from one or another underline asset.

Diluted Earnings per Share

Diluted Earnings per Share calculated by net income minus Preferred Dividends divided by Weighted Average Shares Outstanding plus Conversion of Dilutive Securities.

Dividends

Distribution of profits to holders of equity investments.

Dividend Pay out

Dividend per share as a percentage of the earring per share

Dividend Yield

Dividend per share as a percentage of the Market prices measure of return on investment.

DPS

Dividend per Share

Dividend cover

Profits after tax divided by dividends.

Dividend Payout

The Percentage of Earnings paid to shareholders in dividends.

Dividend Yield

Annual dividend divided by current stock price.

Discount Rate

The discount rate refers to the interest rate used in discounted cash flow analysis to determine the present value of future cash flows.

E

Earnings Yield

The earnings per share for the most recent 12 months period divided by the current market price per share.

EBIT

Earnings before Interest and Tax

EBITDA

Earnings before Interest, Tax, Depreciation, and Amortization.

EFC

Employers' Federation of Ceylon

Effective Tax Rate

Income tax expenses divided by profit from ordinary activities before tax

EIR

Effective Interest Rate

EPF

Employees' Provident Fund

EMS

Eco Management system

EMS

Environmental Management System

EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

GLOSSARY

EPI's

Environment Protection license

ESG

Environment Social and Governance

Equity

The value of an ownership interest in property, including shareholders' equity, in a business. Equity or shareholders' equity is part of the total capital of a business.

Equity / Assets ratio

Shareholders' funds divided by Non current assets plus current assets.

Equity Instruments

Any contract that evidences a residual interest in the assets of a entity after deducting all of its liabilities.

ERP

Enterprise resource planning

ESIA

Social Impact assessment

ESPS

Estate Staff's Provident Society

ESPS

Estate Staff Provident Society

ESIA

Environmental and Social Impact Assessment

ETF

Employees Trust Fund

EU

European Union

F

Fair value

Fair value is the amount for which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in arm's length transaction.

Fair Value Through Profit and Loss (FVTPL)

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or a derivative (except for a derivative that is a financial guarantee contract).

FFB

Fresh Fruit Bunch

Field

A unit extent of land. Estates are divided into fields in order to facilitate management

Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial liability

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Float Adjusted Market Capitalization

Float Adjusted Market Capitalization is calculated by multiplying the Public Holding Percentage of the company by the Market Capitalization.

FSC

Forest Stewardship Council

FSMS

Food Safety Management System

FTE

Full Time Equivalent

FVOCI

Fair Value through Other Comprehensive Income

FY

Financial Year

G

GAP

Good agricultural Practices

GDP

Gross Domestic Production.

Gearing ratio

Total interest bearing loans & borrowings as a percentage of total Shareholders' funds plus total interest bearing loans & borrowings.

GHG

Green House Gas

Goodwill

Goodwill in accounting is an intangible asset that arises when a buyer acquires an existing business.

GPS

Global Positioning System

GRI

Global Reporting Initiatives

GRN

Goods Received Note

Gross dividends

Portion of profits inclusive of tax withheld, distributed to shareholders during the year.

GMC

Group Management Committee

GSA

Gross Sale Average. Average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc.

H

HACCP

Hazard Analysis Critical Control Point system. Internationally accepted foods safety standard.

Ha

Hectare.

HOPL.N0000 Share

CSE stock code for the company.

HPL

Horana Plantations PLC

HR

Human Resource

HRIS

Human Resources Information System

I

IFRS

International Financial Reporting Standards.

IIRC

International Integrated Reporting Council

ILO

International Labor organization

IMF

International Monetary Fund

IoT

Internet of Things

Immature plantation

The extent of plantation that is underdevelopment and is not being harvested.

Infilling

A method of field development where by planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

Interest cover ratio

Profit before tax and interest divided by interest charge.

IPM

Integrated Pest Management

IPNS

Integrated plant nutrient system

IPCC

Intergovernmental Panel on Climate Change

ISO

International Standards Organization.

J

JEDB

Janatha Estate Development Board.

K

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

KPI

Key Performance indicators.

L

Liquidity

An asset or security can be quickly bought or sold in the market without affecting the asset's price.

GLOSSARY

LKR

Sri Lanka Rupee

M

Mature plantation

The area of land developed with a perennial crop, which has been brought into bearing ready for commercial harvesting. A perennial crop is a crop with a useful economic life which extends over more than one accounting period.

Market capitalization

Number of shares in issue multiplied by the market value of each share at the reporting date.

MOU

Memorandum of Understanding

MVPS (Market value per share)

Total Market Value of the business, Divided by the total number of shares outstanding.

MRL

Maximum Residue Level

N

NAITA

National Apprentice and Industrial Training Authority

NCPC

National Cleaner Production Center

Net assets

Total assets less Current liabilities and non-current liabilities.

Net assets per share

Net assets at the end of period divided by the number of Ordinary Shares issued.

NGSA

National Gross Sales Average

NCPC

National Cleaner Product Center

Net sale average (NSA)

This is the average sale price obtained(Over a period of time) after deducting brokerage fees and cost of gratis from Gross Sale Average (GSA).

NIPM

National Institute of Plantation Management.

NRV

Net Realizable Value

NVQ

National Vocational Qualification

O

OCI

Other Comprehensive Income

Other Comprehensive Income

Items of income and expenses that are not recognized in profit or loss as required or permitted by other SLFRS's.

OHS

Occupational Health & Safety

P

PAT

Profit After Tax

PFWO's

Plantation family welfare officers.

PHDT

Plantation Human Development Trust.

PO

Purchase Order

Price earnings

Market price of a share divided by Earnings per Share.

PRCs

Regional Plantation Companies.

PUC

Projected Unit Credit

PBT

Profit before Tax

R

RA

Rain-Forest Alliance

R&D

Research and Development

RTR

Receivables Turnover Ratio

Total Revenue divided by Average accounts receivable

Related parties

One party has the ability to control the other party or exercise

significant influence over the other party in making financial and operating decisions, directly or indirectly.

Replanting

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

Retirement Benefits

Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

- Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.
- Current service cost is the increase in the present value of the defined benefit obligation resulting from em

Return on total assets

Profit before tax plus net interest cost divided by total assets

Return on capital employed

Profit before interest and tax as a percentage of total Capital Employed. (Shareholders' funds plus total Interest bearing borrowings).

Return on equity

Profit after tax as a percentage of shareholder's funds.

Revenue Reserves

Reserves considered as being available for distributions and investments.

Revenue to capital employed

Dividend net operating profit or earning before interest and tax (EBIT), by capital employed.

ROI

Return on Investment.

ROE

Return on Equity

ROCE

Return on Capital Employed

RPTs

Related Party Transactions

RRI

Rubber Research Institute.

RRI

Rubber Research Institute of Sri Lanka

RSS - 1

Ribbed Smoked Sheet - Grade 1.

RSM

Revenue Share Model

RTE

Rare Tridents Engagement

S

Segments

Constituent business units grouped in terms of similarity of operations and location.

SDG's

Sustainable Development Goals

Shareholders' funds

Funds attributable to Shareholders and comprising of share capital, reserves and retained profit.

SLFRS/LKAS

Sri Lanka Accounting standards corresponding to international Financial Reporting Standards.

SLAuSs

Sri Lanka Auditing Standards

SLCCS

Sri Lanka Carbon Crediting Scheme

SLSPC

Sri Lanka State Plantations Corporation.

SEC

Exchange Commission of Sri Lanka

SIA

Social Impact Assessment

SRRO

Sustainability Related Risk and Opportunity

T

TVEC

Tertiary and Vocational Education Commission

TRI

Tea Research Institute of Sri Lanka

GLOSSARY

TSS

Total suspended solids

TVEC

Vocational Education Commission

U

UNFCCC

United Nation Framework Convention on Climate Change

UNGC

United Nation Global Compact

UN

United Nation

UKAS

United Nation Accreditations

UNGC

United Nation Global Compact

USA

United States of America

V

Value addition

The quantum of wealth generated by the activities of the Company and its application.

VFD

Variable Frequency Drivers

W

WACC

Weighted average cost of capital.

WHO

World Health Organization

Working capital

Capital required financing the day to day operations computed as the excess of current assets over current liabilities.

Y

Yield (YPH)

Average Periodical output of produce from hectare of plantation.

YOY

Year on Year

CORPORATE INFORMATION

DOMICILE & LEGAL FORM

Horana Plantations PLC is a Quoted Public Company with limited liability, Incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 in terms of the provisions of the Conversion of Public Corporations of Government Owned Business Undertakings into Public Companies Act No.23 of 1987 and re-registered under the Companies Act No.7 of 2007.

DATE OF INCORPORATION

22nd June 1992

REGISTRATION NUMBER

PQ 126

DIRECTORS

Mr. A M Pandithage – Chairman

Dr. Roshan Rajadurai –Managing Director

Mr. Johann A Rodrigo – Director/Chief Executive Officer

Mr. A N Wickremasinghe

Mr. S C Ganegoda

Mr. K D G Gunaratne

Mr. S M Liyanage

Mr. T A B Speldewinde

Mr. M C B Talwatte

Mr. J M J Perera (resigned w.e.f. 31.12.2023)

REGISTERED OFFICE ADDRESS

No.400 Deans Road, Colombo 10.

Telephone 011 2627000, 011 2627301-7322

Facsimile 011 2627323

E Mail: horanap@hplnet.com

Web: www.horanaplantations.com

PARENT COMPANY

Hayleys Plantation Services (Private) Limited

No.400 Deans Road,

Colombo 10.

ULTIMATE PARENT COMPANY OF THE GROUP

Hayleys PLC

No.400 Deans Road,

Colombo 10.

COMPANY SECRETARIES AND REGISTRARS

Hayleys Group Services (Private) Limited

No.400 Deans Road,

Colombo 10.

INDEPENDENT AUDITORS

KPMG

Chartered Accountants

No.32A, Sir Mohamed Macan Markar Mawatha,

Colombo 3.

LEGAL ADVISORS

Nithi Murugesu & Associates

Attorneys-at-Law & Notaries Public

No.28 (Level 2) W.A.D. Ramanayake Mawatha,

Colombo 2.

TAX ADVISORS

KPMG

Chartered Accountants

No.32A, Sir Mohamed Macan Markar Mawatha,

Colombo 3.

BANKERS

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

NOTICE OF ANNUAL GENERAL MEETING

HORANA PLANTATIONS PLC

(Company Registration No. PQ 126)

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST ANNUAL GENERAL MEETING OF HORANA PLANTATIONS PLC will be held on **Monday, 24th June 2024 at 3.00 p.m.** at the Chas P. Hayley Lounge of Hayleys PLC, No. 400, Deans Road, Colombo 10 for the following purposes:

1. To consider and adopt the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. T A B Speldewinde, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 98 of the Articles of Association of the Company.
3. To re-elect as a Director Mr. M C B Talwatte, who has been appointed to the Board since the last Annual General Meeting, in terms of Article 98 of the Articles of Association of the Company.
4. To re-elect as a Director Mr. S C Ganegoda, who retires by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association of the Company.
5. To re-elect as a Director Mr. S M Liyanage, who retires by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association of the Company.
6. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A N Wickremasinghe, in terms of Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

'That Mr. Anthony Nishantha Wickremasinghe, who has attained the age of seventy six years be and is hereby re-

appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him'.

7. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A M Pandithage in terms of Section 211 of the Companies Act No. 07 of 2007.

Ordinary Resolution

'That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy three years be and is hereby re-appointed as a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to him'.

8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.
9. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.
10. To consider any other business of which due notice has been given.

By Order of the Board,

HORANA PLANTATIONS PLC

HAYLEYS GROUP SERVICES (PRIVATE) LIMITED

Secretaries

Colombo.

29th May 2024.

Notes to shareholders:

1. The Annual Report of the Company for 2023/24 is available on the corporate website www.horanaplantations.com and on the Colombo Stock Exchange website - www.cse.lk.
2. A Shareholder is entitled to appoint a proxy to attend and vote instead of him/her and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the office of the Company Secretaries at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the time fixed for the Meeting.
3. A shareholder who requires a hard copy of the Annual Report must post or handover the duly completed 'Request Form - Annexure A' to the office of the Secretaries.

NOTES

A series of horizontal dotted lines for writing notes.

FORM OF PROXY

I/We
 (full name of Shareholder) NIC No./Reg. No. of Shareholder
 of
 being Shareholder/Shareholders of Horana Plantations PLC hereby appoint:
 (1)
 (full name of Proxyholder) NIC No. of Proxyholder
 of

or, failing him/them
 (2) ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our Proxy to attend and vote as indicated hereunder for me/us and on my/our behalf at the Thirty First Annual General Meeting of the Company to be held on Monday, 24th June 2024 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof.

	For	Against
1. To adopt the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director Mr. T A B Speldewinde, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a Director Mr. M C B Talwatte, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director Mr. S C Ganegoda, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect as a Director Mr. S M Liyanage, as set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. A N Wickremasinghe, in terms of Section 211 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Mr. A M Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Directors to determine donations and contributions to charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
9. To re-appoint Messrs KPMG, Chartered Accountants as the Auditors of the Company for the year 2024/25 and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of2024.

.....
Signature of Shareholder/s

(Instructions are given overleaf)

Instructions:

1. The completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Private) Limited, at No. 400, Deans Road, Colombo 10, Sri Lanka not less than forty-eight (48) hours before the start of the meeting. **Delayed Proxy Forms shall not be accepted.**
2. A Shareholder entitled to attend and vote at the Annual General Meeting of the Company, is entitled to appoint a Proxy to attend and vote instead of him/her and the Proxy need not be a Shareholder of the Company.
3. Full name of Shareholder/Proxy holder and their NIC Nos. are mandatory. Your Proxy Form will be rejected if these details are not completed.
4. A Shareholder is not entitled to appoint more than one Proxy to attend on the same occasion.
5. The duly completed Form of Proxy must be dated and signed by the Shareholder.
6. Please indicate with an "X" in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy can vote as he/she thinks fit.
7. In the case of a company/corporation the proxy must be executed in the manner prescribed by its Articles of Association or by a duly authorised Director.
8. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
9. In case of Marginal Trading Accounts (slash accounts), the Form of Proxy should be signed by the respective authorised Fund Manager/Banker with whom the account is maintained.



Horeza Plantations PLC